THE BUSINESS WEEK

A Journal of Business News and Interpretation

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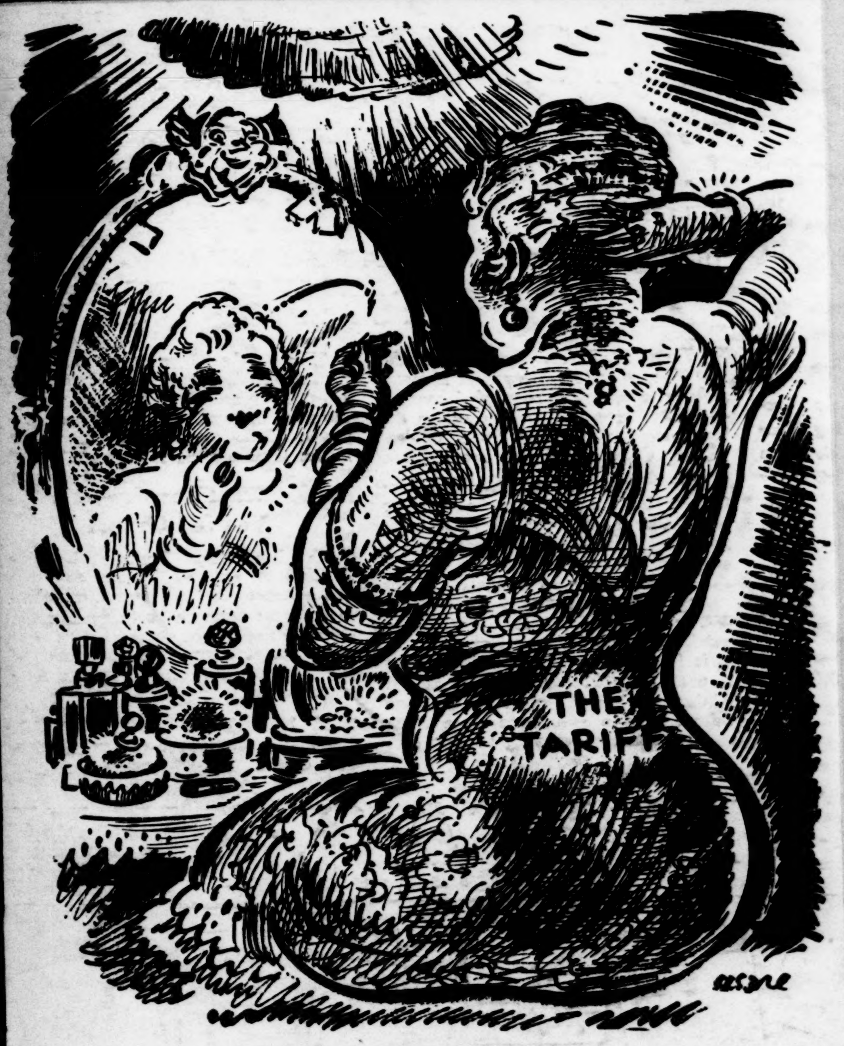

The Same Old Hussy

A McGRAW-HILL PUBLICATION

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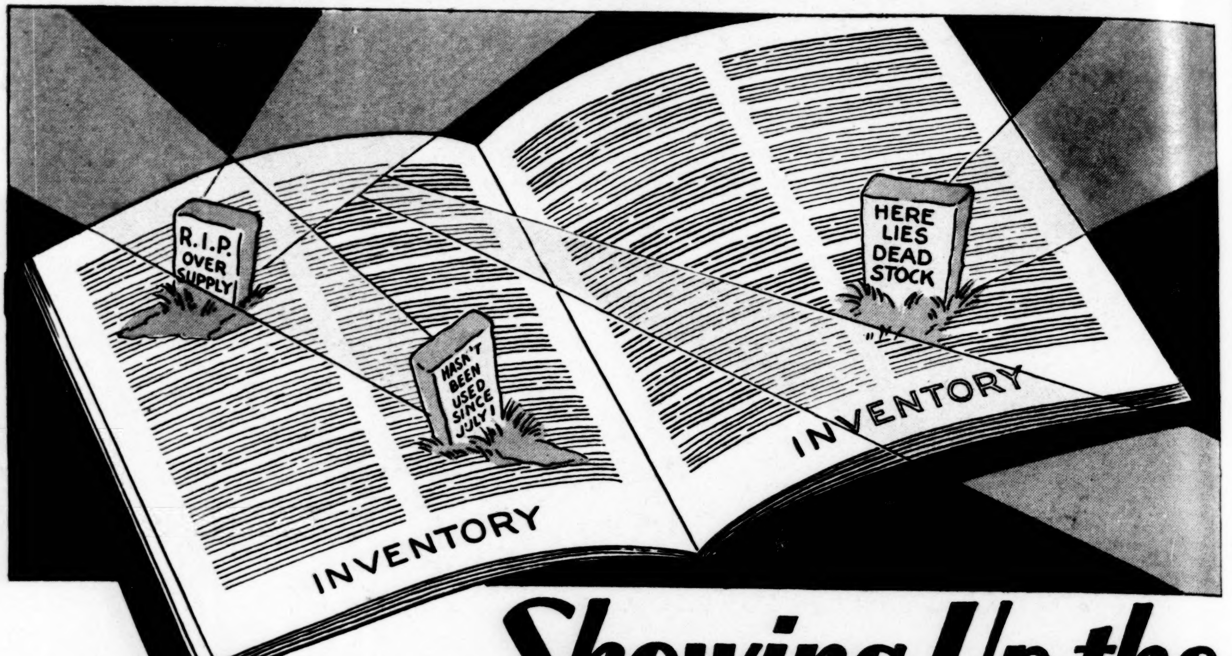
APRIL 30 1930



Showing Up the TOMBSTONES

McCaskey Register System on duty at the storeroom of the Bound Brook Oil-less Bearing Company. This company's bearings range in size from the tiny 1/4" outside diameter to huge bearings for battleship gun turrets—all made to special order.

McCASKEY SYSTEMS SHOW UP DEAD STOCK . . . KEEP AN EFFICIENT WORKING MINIMUM

WITH McCaskey Systems on the job, obsolescent stock is immediately detected, and over-supply is averted—yet "without danger of shortage delays", states the Bound Brook Oil-less Bearing Company, Bound Brook, N. J.

"Seven years ago we installed a McCaskey Register System to handle over 6500 store room items. Since installation, the McCaskey System has been in error only once, to the extent of only $15—a small amount compared to the average monthly stores balance of $30,000 to $60,000. . . . It is much more satisfactory than the former card system. It is faster, more accurate, and makes it possible to keep inventories at the minimum without danger of shortage delays. It also saves one store room clerk, practically repaying its first cost yearly.

"For nearly 15 years, we have also used two McCaskey Cabinets in our tool cribs. They are far superior to the old brass check system. They have completely eliminated tool loss, which alone makes them a good investment."

What You See— You Can Control

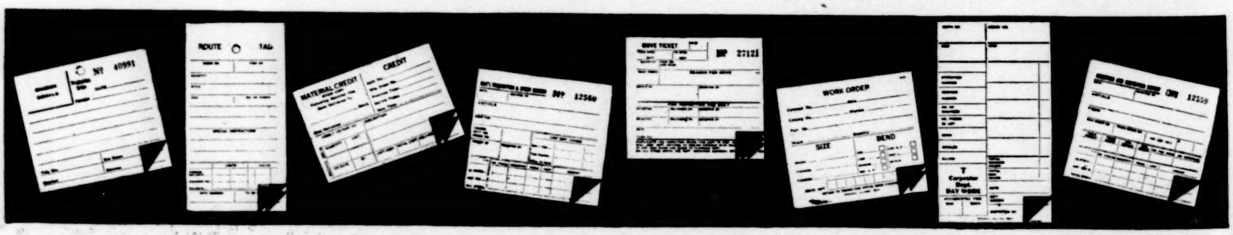
With McCaskey Systems bringing FACTS to your desk every day, you can eliminate losses, improve operation *to a degree that can probably save you thousands of dollars yearly*. Let us show you what this service is accomplishing for firms with production problems similar to yours.

THE McCASKEY REGISTER CO.
Industrial Division 9040-A, Alliance, Ohio
Galt, Canada Watford, England

McCASKEY
ONE WRITING
SYSTEMS

for
Perpetual Inventory
Single and Dual Control
Production Control
Machine Control
Process Inventory
Cost and Payroll Records
Order Control
Planning, Routing and Dispatching
Tool Check and Tool Investment Control

McCASKEY



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What's In This Issue—And Why

IMPORTANT changes in the policy of the Federal Trade Commission engage the serious study of business men and their trade associations.

RADIO CORPORATION OF AMERICA enters upon a new era. A chart of its ramifications, the story of its history, its prospects, make clear the significance of the reorganization.

OCEAN shipping is the only business in the world today that prospers without customers. Tonnage, travel are down. Yet the world is in an orgy of building. Why?

CONSTRUCTION of public works for the first quarter was 56% ahead of last year. Nation, states, counties, and cities plainly are doing their best to stimulate employment.

THERE is an honor roll of American employers who have shown courage and leadership in minimizing lay-offs of their labor. Every one of them has discovered there is but one way it can be done—that is by using the proper mental approach.

CONGRESS evidently doubts unemployment will be acute next November, for it seems ready to face elections without passing any bills looking toward betterment. The states have done more than the nation in this emergency.

CURRENT unemployment has brought unemployment insurance to the fore. Metropolitan has a policy ready whenever the New York State Insurance Commissioner withdraws his opposition. Other companies see too many difficulties ahead.

WILL the public take to quick-frozen foods? General Foods Corporation says, "Yes, indeed," on the basis of a sales check-up in 10 Springfield, Mass., stores.

FORD is scoring another success with his plan to convert junk cars into fresh metal. Now he wants to build a reduction plant in Buffalo.

GERMANY has organized a nitrogen cartel, wants to make it world-wide. But American manufacturers say they'll beat the overproduction bogey by cutting costs through increased production efficiency.

THERE have been all sorts of wild rumors as to what the Soviets have done to wages. Now come official figures on 11 million Russian workers covered by social insurance laws.

AMERICAN business men get some relief in the new French tax bills, but our Paris editor cables they must not expect too much. The really burdensome afflictions—high tax liability, great administrative complexity—are untouched.

TO MEET the demands of a public that is getting used to flying speeds, the railroads are all putting faster trains on the long runs.

IN the pinch they're swinging back to the wholesaler. Food, drug, dry goods manufacturers find direct selling to retailer isn't so good.

ALBERT HENRY WIGGIN is not one of the men around whom salty anecdotes sprout. The head of Chase, the world's biggest bank, is a forceful, interesting personage, nonetheless.

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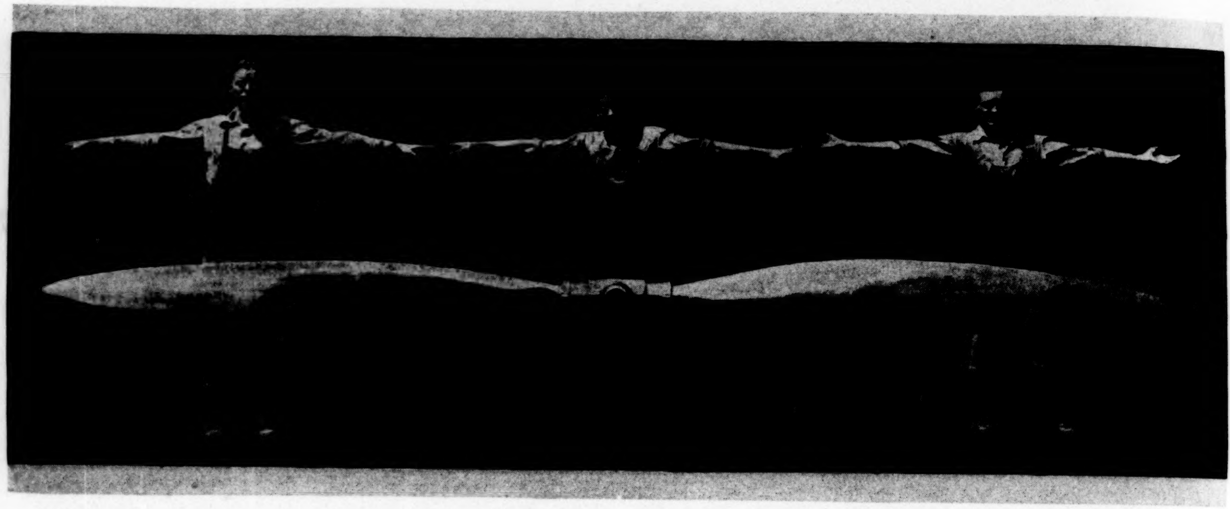
10 Times Stronger Than Wood
Yet Light in Weight



AIRPLANE propellers, forged of the light, strong Alloys of Alcoa Aluminum, are excellent examples of light weight combined with strength.

No case of one wearing out is known. The world's record endurance flight was made with a propeller forged from Alcoa Aluminum.

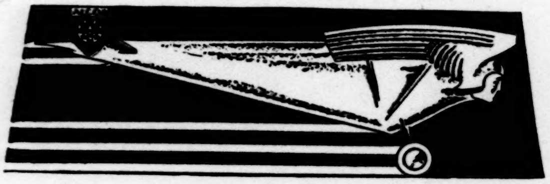
They have the strength of mild steel, 55,000 pounds per square inch minimum, but only 1/3 the weight.

In industry today, hundreds of machines and machine parts forged of Alcoa Aluminum are selling faster because, with all the needed strength but with weight stripped to the minimum, these forgings make machines and machine parts easier to handle, less expensive to crate and ship—less expensive for the ultimate user to operate.

Bringing this great strength and comparative feather-lightness to more than 60 parts—in airplanes—and to hundreds of industrial machines and appliances, forgings of Alcoa Aluminum recommend themselves to every manufacturer.

A representative from our nearest office will gladly give you details on the use of Alcoa Aluminum in relation to reducing dead-weight in your own manufacturing and operating problems. ALUMINUM COMPANY of AMERICA; 2405 Oliver Building, PITTSBURGH, PENNSYLVANIA.

ALCOA ALUMINUM . . . THE ONE METAL THAT FLIES BEST



ALCOA ALUMINUM

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending April 26, 1930

Trade Commission Retreats Behind Ramparts of the Law

New Policy Narrows Scope of Trade Practice Codes; Extra-legal Activities Abandoned

TRADE practice codes must be viewed in an entirely new light henceforth, by reason of a change in the policy of the Federal Trade Commission.

In effect, the commission has decided to confine itself hereafter to forbidding only those practices which are actually illegal. It no longer will sponsor regulations forbidding practices which are merely unethical, or disadvantageous to the trade as a whole.

For example, to give secret rebates in trade is not illegal *per se.* It is illegal only when it lessens competition substantially, when it creates a monopoly, or when it restrains trade unreasonably. Therefore, the commission no longer will undertake to enforce a code which prohibits secret rebates in general. This general principle applies to all the so-called Group I rulings of the commission.

It Was Predictable

Group II rulings never have been enforceable by the commission, or in the courts. This, by the way, seems to have been news to a number of trades, thrown into considerable consternation by their recent discovery of the facts.

The action of the commission should not have been unexpected. Recent events have indicated that it must eventually recede from its position, in the absence of greater authority than it now has.

Furthermore, certain trade associations have adopted practice codes with the commission's approval which, in actual operation, have been abused, in obvious violations of the anti-trust laws. Congress has directed its attention to this condition. The Department of Justice has been particularly active during recent months in checking up the practices of trade associations.

Much of the confusion appears to arise from the fact that the trade practice conference plan has no legislative authority. It was not a part of the act creating the commission but has been developed by the commission as a means of helping industry to help itself.

The Attorney-General, however, is responsible for anti-trust activities. He looks at law, not theory. Many practices had grown up under Trade Commission codes that called down sharp admonitions from the Attorney-General.

Business Is Confused

The result has naturally been widespread nervousness and confusion among trade associations, even those which are entirely sincere in their efforts to observe the spirit as well as the letter of anti-trust laws. They do not know what may come next, and until the situation is clarified a great deal of valuable work looking toward greater stabilization of business is likely to be held in abeyance.

Many possible solutions of the problem have been offered. The National Civic Federation has recommended an amendment to the Sherman Act limiting the term "in restraint of trade" used therein, to "such restraint as shall be to the detriment of the public." The federation also recommends that the Federal Trade Commission or some other tribunal be granted power to express opinions in advance as to contemplated contracts with the idea that, when approved, such contracts and acts in connection with them should not be subject to the Sherman Law.

Col. Donovan's Idea

William J. Donovan, former Assistant Attorney-General, recommends that the Federal Trade Commission take over all anti-trust work now handled by the Attorney-General except criminal actions; that it be made an advisory and quasi-judicial body before which Sherman Act violations would be heard. He also recommends that proposed plans should be submitted to the commission for approval and that such approvals or advisory opinions should be prima facie evidence in any subsequent proceedings involving the same facts and preventive of criminal prosecution.

The American Bar Association has discussed various solutions.

Many other proposals, of varying degrees of effectiveness, have been proposed. In the business world, there seems to be uniformity of opinion upon one subject only, that the present chaotic conditions must be changed if business is to go ahead in orderly fashion.

The Business Outlook

No matter what Shelley may say, spring *is* far behind this year, meteorologically as well as statistically. What chill has remained over in the business atmosphere from last winter has been made a bit more uncomfortable by unseasonable weather, and the venerable vernal pick-up this season so far lacks snap and sunshine.

Industrial activity continues unseasonably cool. Steel fluctuates hesitantly between 75% and 80% from week to week without any definite tendency or prospects. The spring urge in building has weakened lately, except in heavy public and utility work. Coal output lags, and electric power production almost ignores progress by hugging closely to last year's levels.

The current trade indicators so far do not suggest that the Easter rabbit left many eggs on the doorsteps of retail business. Commercial credit shows no seasonal expansion, commodity prices are weaker and currency circulation figures indicate that cash register bells are playing in the bass notes.

This melancholy music is making the market nervous and somewhat more conscientious about discounting the future than it was a month ago. There is too much to discount.

Ardor For Unemployment Bills Cools Under States' Objections

CONGRESSIONAL enthusiasm for unemployment legislation has cooled off. This may be taken as a kind of Congressional forecast of improvement in employment in the next three months—or before most of the Congressional elections take place this fall, even though there has been little definite improvement so far.

No Employment Exchange

Senator Wagner's three bills—one calling for extension of federal employment statistics to cover more industries; a second setting up a federal planning board to regulate programs of public works expenditure in relation to employment conditions; and a third establishing a system of federal employment exchanges—have been reported favorably by the Senate Committee and are before the Senate. Similar bills are in the House Committee. There is little prospect that any of them will be acted upon this season, which probably means not at all for a long time, or until another "unexpected" depression overtakes us. It is barely possible that the first two measures may slide through the Senate at the last minute, and even the House may let them go in as a matter of convenient record for campaign purposes. There appears to be no definite opposition to them; but the third, the employment exchange bill, is definitely dead.

Tried in Wartime

There have been many attempts to set up a federal employment system. During the war, the government created emergency employment offices under federal direction in all parts of the country. Between 800 and 900 of these were in operation at one time and they were probably helpful to the country during the war and the subsequent demobilization. Afterward the United States Employment Service was continued as a bureau in the Department of Labor, but its appropriations were greatly cut and the country went through the unemployment crisis of 1921 with only a skeleton system of employment bureaus. This system continues today, primarily to report general conditions.

There are only 170 state and municipal public employment agencies in the United States, varying in their distribution from one in each of 11 states to 17 in the state of Illinois. Thirteen states have no public employment offices at all. The state appropriations for these vary from $900 in Wyoming to $231,360 in Illinois, the total appropriations of all state governments aggregating $1,203,906.

The objections to a federal employment bureau system are based upon a number of deep-rooted misgivings about it, which probably would have considerable force during the early or experimental period of development of such a system. There are, of course, the constitutional objections urged on rather technical grounds by employers' groups, like the National Association of Manufacturers, who regard such a system as an invalid usurpation of state police power by the federal government, in conflict with the Tenth Amendment.

Courts Likely To Object

The Wagner bill as drawn does open the way to federal intrusion in state affairs, by holding out federal aid as inducement to states to appropriate their own money for the purpose, by permitting a federal bureau to go over the head of state legislatures where the states refuse to establish them or where their own bureaus do not comply with federal regulations, and by setting up federal agencies in competition with private employment bureaus. Since even the states have not been able constitutionally to regulate the fees of private employment agencies, it is doubtful whether a proposal for a federal system of exchange as contemplated in the Wagner bill would stand the test of the courts.

The more serious objections lie in the inherent defects and the possibilities of abuse involved in a federal employment system. As to the defects, these are fairly clearly recognized even in state public employment agencies, which employers and workers do not make much use of, because of inadequate methods of selection, weeding out, and distribution of applicants for work. Employers say they do not get the best men from these agencies and workers find fault with the kinds of jobs to which they are sent. Moreover, serious possibilities of abuse are involved in the relationship of public employment agencies to labor organizations. They can easily be used to discriminate in favor of or against union workers or open-shop employers. The declaration in the Wagner bill about "adhering to a position of neutrality in labor disputes, impartiality and freedom from politics" would be difficult to adhere to and the provision of an advisory board composed of representatives of employers and workers would probably not help much, because such a board would resolve itself into a battle ground between employers and labor organizations. In his testimony, Mr. Green, president of the American Federation of Labor, indicated clearly that the employees' representatives on such boards would have to be labor union representatives.

Foreign Experience

Finally, experience in other countries suggests strongly that a national public employment service would not function effectively except as an instrument for administration of a public employment insurance system, involving compulsory registration of workers and the abolition of private employment agencies—for which this country is not yet prepared.

Altogether, so far as national action is concerned it seems that we have not gotten much out of this latest unem-

Heavy Laden

Keystone

Philip Snowden, Labor Chancellor of the Exchequer, leaves 10 Downing St. carrying the famous dispatch case with the Budget

ployment crisis, and that progress is still going to be very slow. In this instance, the states have apparently done the best job, by way of mobilizing local resources and stimulating cooperation of employers in private effort toward employment stabilization.

They Say the Tariff Will Look Like This—

The conference committee on the tariff has reconciled differences between Senate and House rates, generally speaking, by the simple process of hiking them.

The committee is near the bottom of the list. Five controversial schedules are held for a House vote—sugar, lumber, cement, shingles and silver. Sugar is recommended for a higher duty. The 4 others, now on the free list, are recommended for duties. A good guess is that shingles will remain on the free list; sugar will carry a higher tariff; the other commodities will pay duty.

It seems not impossible that all the rest of the bill will be voted through en bloc, but there remains the possibility of a battle over the controversial 5 items.

So much for rates. Administrative features are even more important. The popular guess, to which *The Business Week* does not necessarily subscribe, is that Congress will kill the debentures provision; that the flexible clause will be restored to the bill; that Congress will be chary of delegating any considerable power to the Tariff Commission.

Congress expects early adjournment. With serene optimism, some of the leaders are talking of sending the tariff bill to the President by the middle of May. In that case adjournment might be achieved early in June.

Unemployment bills and appropriation bills will have the right of way. Muscle Shoals is on the calendar. The House military affairs committee is drafting a new bill and hopes to finish it this week.

The Swanson resolution to abolish the committee on the whole and thus to speed up Senate proceedings is to come up. Senator Couzens will press his bill to reorganize the Federal Power Commission, which ought to pass the Senate by May 1, but has doubtful prospects in the House.

These things, plus two minor measures (creating a Washington airport; amending the oleomargarine bill) complete the schedule of the steering committee.

Who Is Daddy of the Tariff?

"Well, who started this tariff mess, anyhow?" ask members of Congress, aggrieved by the mean things leading American business men said in *The Business Week* about the bill.

It was industrialists who unloaded the thankless job at the steps of the Capitol, insists Senator Couzens; it wasn't politicians at all. Hardly a rate was changed except upon the insistence of business men directly affected. Thoughtful business men condemn the bill in general—but there's one schedule in it they'll defend to the death. And of course the whole bill is a composite of such individual schedules.

Of the 1253 Senate changes over which so much ado was made, half were minor corrections in phraseology.

A total of 800 changes will have been made in rates by the time the bill is signed, is the best guess of experts—800 out of thousands of rates.

The present act has been on the books eight years. Much has happened in that period. New foreign production areas have developed direct competition with us. Food is coming in now from Japan, Mexico, Italy, the West Indies. Shoes are coming from Czechoslovakia.

Passing the Buck

On the whole, probably the new bill is stiffer than it looks. To avoid this business as a whole would have to get together and agree to lower the wall a little and meet the foreigner on more even terms. Business has not yet developed the fortitude to do this. Therefore, say Congressmen, the criticisms which big business men direct against the Big Bill are really against the men they see in the mirror.

No Congressman discussed the radical notion that Congress ought to stand out against business men's pressure, and do what its own judgment dictates.

R. C. A. Sales Drive Slows Down Rest of Industry

THE radio industry is badly upset. Faced last fall with a production capacity three times as big as demand, it successfully worked off a large proportion of excess receiving sets by means of a large Christmas business and drastic price cuts. Just when manufacturers, jobbers and retailers were sighing with relief, they were faced with the campaign of Radio Corporation of America to sell off its supply of thousands of Radiolas and Victor Radio Electrolas at startling reduced prices.

Backed up by a national newspaper advertising effort and radio broadcasts, R. C. A. dealers were authorized also to offer the 9,000,000 Victor owners an allowance of $76 on old instruments to apply on payment for either of the two featured models. This merchandising effort is said by distributors and dealers to have cut deep into the sale of other makes of sets. The campaign runs until June 1.

The combination of circumstances—overproduction last year, the stock market crash, the present seasonal slump, the R. C. A. campaign—apparently has brought on a new and serious crisis in the industry.

Manufacturers (R. C. A. licensees, as well as others) are slowing up production drastically while pinning their hopes on new models which they intend to offer early this summer. Atwater-Kent is understood to be operating on a greatly reduced schedule, although confidently expecting to resume operations nearer normal in June when new models are issued. Philco is apparently in a similar condition.

Majestic (Grigsby-Grunow) is reported to have cut production to a minimum.

To add to the difficulties, retail sales for the entire industry are from 20% to 40% below this time last year.

The industry understands that R. C. A. will have in effect by August a new distribution set-up to tie in with its proposed reorganization (described on page 25, this issue). Under this plan there will be six lines of R. C. A. radio sets on the market (R. C. A.-Victor, Radiola, General Electric, Westinghouse, Graybar, General Motors). Each of these has from 60 to 80 distributors and thousands of retail outlets.

The industry is apprehensive lest the public become accustomed to "low values" in radios due to price cuts which many manufacturers have instituted at various times since last fall. They doubt the public's willingness to pay higher prices for the new models which they plan to produce.

Radio's first big year was 1928 when 3,200,000 sets were sold. Encouraged by this, manufacturers with a few notable exceptions, expanded production programs and facilities far beyond normal expectations. Prophets of the industry anticipated a demand for 5,000,000 sets. In all, 70 leading manufacturers planned a production of 15,000,000 sets.

Pacific & Atlantic

FIRST SHIP THROUGH NEW WELLAND CANAL

The "Georgian" passing into Lock Number 1 unofficially opens navigation. Canada has spent $120,000,000 to widen and deepen this great waterway

Why Sears Roebuck and Ward Won't Merge

DESPITE all newspaper excitement, Sears Roebuck and Montgomery Ward are no nearer a merger than ever.

Duplication of facilities is enormous. Warehouses costing millions have been built in the last few years. Sears has 10; Ward, 9. Ward is in Ft. Worth with a warehouse; Sears in Dallas. Ward in St. Paul, Sears in Minneapolis; Ward in Portland, Sears in Seattle. Both are in Chicago and Kansas City.

So far as economy of buying is concerned, both are so much bigger than those from whom they buy that no added economy is to be expected.

The late Theodore F. Merseles, J. P. Morgan's business doctor, once said:

"There will always be talk about Sears and Ward merging. There will always be big stockholders in both companies who want it. Pay no attention. If there were any chance that one catalogue would bring anywhere near the business that results from two, then a merger might be worth considering." He spoke of the farmer's suspicion of monopoly. He pointed out the opportunity a merger would give competing mail order houses.

What has happened in recent weeks is exactly what Mr. Merseles predicted. Big stockholders have been talking it over, to see if two added to two might not make five. Executives say it won't work. And executives control.

Pacific & Atlantic

DAVID SARNOFF
The former wireless operator who heads Radio Corporation of America calls on the President (see page 25)

New England Draws Up A Plan of Battle

THE Industrial Committee of the New England Council believes that the keys to business prosperity for 1930, in New England as in the nation, are: high production stimulated by capital expenditures; high earnings through increased employment; and high consumption through the greater purchasing power resulting from increased employment and higher earnings.

As constructive suggestions for individual concerns the committee has outlined a 4-part program which calls upon each industry and concern to: modernize; maintain fullest employment possible; merchandize aggressively; maintain normal buying.

The Industrial Committee has elaborated each of these suggestions into detailed recommendations which are being made available to members for assisting them in participating in the 1930 drive toward greater prosperity.

Ice and Unemployment Go Out Together on Lakes

THE opening of Great Lakes navigation promises jobs for many thousands of workers who have been idle most of the winter. About 25,000 men will be required for crews of Great Lake boats; probably 175,000 more are employed on docks, and coal and ore handling.

Companies Keep Jobs Going When They Pay for Layoffs

"EVERY man who was on our payroll last October is still there" is the way in which L. F. Loree, president of the Delaware and Hudson Railroad, summarized for the National Metal Trades Association last week the results of his company's efforts to stabilize employment.

To provide work as long as the employees are able and willing to accept it, the management, with the workers agreeing, has adopted an elastic work-week which varies from an 8-hour day, 5-day week during dull times like the present to a 10-hour, 6-day week during periods of great activity. The usual methods of postponing unnecessary work during rush periods and anticipating work during dull times have been utilized to even out production and maintenance operations. Furthermore, a company promise to pay $15 a week for 6 weeks to each man laid off against his will for lack of work has ensured an active interest on the part of department heads in keeping jobs going.

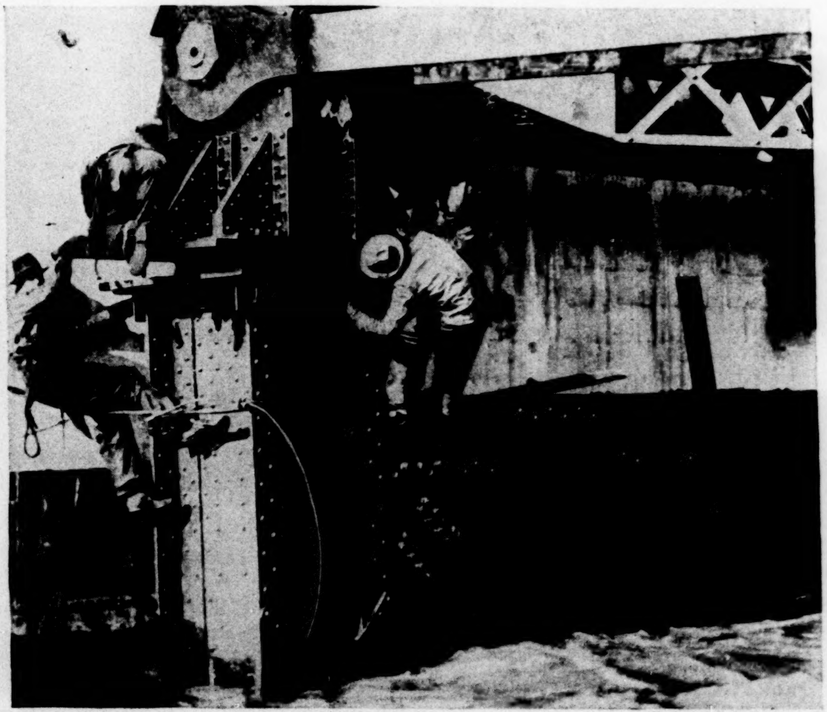
Several years ago, the Dennison Manufacturing Co., similarly acknowledging its responsibility for providing work for its employees, set aside $75,000 to be paid to workers who could not be kept at work. To save this money for the company became a definite goal for department heads with the result that, after years of experience, total payments from this special unemployment fund have totaled approximately a week's pay-roll.

Procter & Gamble has been doing something similar since 1923. Then the management guaranteed workmen 48 weeks of work each year. This policy now covers 10,000 workers.

The manager of one of Corning Glass Works plants in a small Pennsylvania town, when asked about unemployment, said: "We don't have unemployment. We can't afford to. Our plant is the only one in town and we just have to provide work. We are doing it now by running four shifts in 24 hours instead of three."

Leeds & Northrup, Hart Schaffner & Marx, Columbia Conserve, Dutchess Bleacheries, garment trade workers in Chicago, New York, and Rochester, and a few others have attained considerable success in assuring their employees continual employment in this way.

In every case, the essential element in success has been management's acceptance of its responsibility and its determination to prevent unemployment.



Underwood & Underwood

THE "PIN-HOLE" ADJUSTMENT
The center span—1800 tons of steel—being floated into position on the Southern Pacific's new $12,000,000 bridge over Suisun Bay, near Martinez, California

Real Estate Boards Would Hold Skyscrapers Down to Reason

SYSTEMATIC plans to avoid waste in skyscraper construction are being worked out by the National Association of Real Estate Boards. Informal conferences of leaders will be held in various cities. The first was in Indianapolis, April 17. Chicago will probably be next.

Due to lack of thorough preliminary investigation and study many mistakes have been made in skyscrapers in recent years, perpetuated in brick and stone. Some of the skyscrapers themselves are such. Much money is wasted or used inefficiently.

Must Study Tenants

Real estate leaders stress the necessity of studying what a building should be in relation to its location. Experience shows that it is frequently more profitable to build a building particularly for the needs of the special type of tenants it will have rather than make it just another general office building. To determine accurately who the potential tenants are requires an intensive study of population, business, and shifts in them.

Disturbing to Simon-pure scientific property management is the skyscraper built, in whole or in part, for advertising value. Often it is loaded with unnecessary overhead. Its failure to earn money often works to discourage investment in buildings erected solely for profits from operation.

National real estate and building management organizations are now prepared to furnish advice of a committee of disinterested specialists to prospective builders of skyscrapers and cooperative apartments. They will also counsel subdividers. Ill-advised subdivisions have been a great source of waste. Once sidewalks and streets are laid and a few houses built, mistakes are extremely expensive to undo.

A New Profession

Commercial building analysis is a new profession. What it amounts to is an extension of city planning—indoor, not merely outdoor, planning. Carlton Schultz, of Cleveland, a leading building analyst, states: "Creative management must start before a building is built." It involves seven things, he adds: (1) Survey of the district to determine trends of growth and development; (2) Picking type of building that offers maximum return; (3) Proper floor plans; (4) Proper equipment; (5) Proper pricing of space; (6) Securing desirable tenants of the sort that will attract others; (7) So servicing the building that space will be in demand.

Mr. Schultz is scheduled to demonstrate how a professional building analyst works, before the coming convention of the National Association of Real Estate Boards in Toronto, July 9-11.

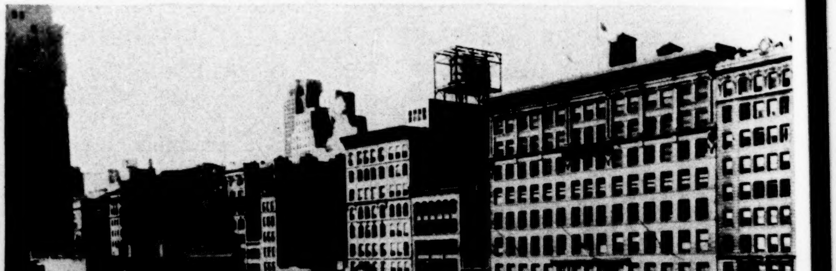
Test Shows Sales Appeal Of Quick-Frozen Foods

To check the rapidity with which quick-frozen meats, fruits, and vegetables gain public acceptance, the General Foods Corporation recently completed a test in 10 Springfield, Mass., stores covering sales on the first two Saturdays after these products had been introduced into the stores. They report sales on the second Saturday 33.4% ahead of the total for the first, with dollar value of sales showing a gain of 40%. A further check-up on business done on the next week-end showed a further increase of 30%, with dollar sales jumping ahead of number of sales.

In 4 of the stores which competed directly with established fresh meat markets, a comparison of the first two Saturday's sales showed a gain of 50% in number of sales, of 64% in dollar value.

Most of the sales growth came in the meat items. Strawberries and spinach proved the most popular vegetables. Quick-frozen peas, beans and lettuce also went well.

Officials of the General Foods Corporation believe that the use of insulated containers will solve the problem of getting frosted products into the retailers' hands in good condition. But with less than 1% of the retail grocers having adequate refrigeration to hold a temperature near zero, the problem of taking care of these products after they reach the retailer is still a serious one.



Ewing Galloway

SHOES FOR A SKYSCRAPER

The excavation which will hold the feet of the new Empire State Building, projected "world's tallest" on the site of the old Waldorf-Astoria

Underwood & Underwood

FREE PUBLICITY

This machine, in use in Barcelona, prints advertisements on the pavements. A rubber roller running in a tank of water does the work

Returned Goods Problem Grows In Women's Dress Industry

MANUFACTURERS, wholesalers, retailers, all are doing constructive work just now upon the problem of returned goods, one of the deep curses of the trade.

Returns, even in well-managed houses, recently have been running as high as 7½%, it developed at a meeting of the Associated Dress Industries of America. The meeting decided to circulate the names of retailers who are chronic offenders.

Simultaneously, the Apparel Industries Research Organization offered a new protective service. It will register names of offending retailers for a fee of $35 for 25 names. Those who register names are privileged thereafter to inquire at $1 per inquiry if the name of a retailer has been listed by any other manufacturer, or by how many manufacturers.

Retailers are wrestling with their phase of the problem, the returns from customers. One of the important causes has been found to be poor fit, incorrect size labeling. Retailers are sending back to manufacturers an increasing number of dresses that do not conform to label as to size and standard model, also dresses that do not conform to specifications as to color, and design.

Wholesalers complain of a new form of gyppery. Upon receipt of sizable orders, the retailer complains that the garments are unsatisfactory, and ought to be returned. But as a great favor, the retailer is willing to take them on a memorandum basis, to be paid for when, as, and if acceptable.

Brooklyn Merchants Drop Shopping News

RETAIL merchants in a number of cities, believing newspaper advertising rates were too high, some years ago began publishing cooperative sheets, in newspaper format but usually containing nothing but advertisements, distributed free to housewives. Some have been successful, more have not. The latest to be discontinued is the Brooklyn *Shopping News*.

Results are inconclusive. The argument against free sheets of this kind is that shoppers will not read handbills, that a store's advertisements thus published carry nothing of the atmosphere, the prestige, that the newspaper gives them. Against this must be weighed reports of great success in some cities.

Seek to Control Price By Controlling Label

CAN a manufacturer control the re-sale price on his products through his control of the trademark used on them? If the Federal Trade Commission says he can, the Capper-Kelly bill will lose a lot of steam.

The commission will have to decide the question in the case of Burton Brothers & Co., manufacturers of Burton's Irish poplin. This company says that the retailer can sell shirts made from its fabric at any price he pleases—but if he wants to sell them with the Burton label, he must adhere to the suggested price.

This system, if approved, would permit re-sale price maintenance over all trademarked commodities, leaving those not trademarked to take their chance in the competitive struggle.

Legal objection to re-sale price maintenance is based on the right of the dealer to do as he sees fit with property that is his own. The Federal Trade Commission must now decide whether this property right is interfered with by the manufacturer's claim that he retains ownership in the label, the effect of which is to make the dealer an agent in the sale of the label if not of the goods.

Wholesale Grocers Study Warehouse Costs

WHOLESALE grocers, up against chain competition, say they are learning valuable lessons from the Commerce Department's survey of their costs. It showed the least efficient warehousing costs as high as 2½% computed on wholesale price of goods. Most efficient runs as low as ¾%.

Many wholesalers, therefore, can lick their troubles by studying the methods of the most efficient. It is said that the majority ought to be able to cut costs at least 1%.

Cash-and-Carry May Cost More Than Delivery System

AN efficient credit and delivery system may cost a retailer less than a cash-and-carry system. Wroe Alderson of the U. S. Department of Commerce points out that rent costs are smaller for service stores; orders can be assembled more economically after the rush buying hours; selling can be done more expeditiously and at less cost if salesmen do not have to do up packages; telephone selling also reduces sales costs.

One Insurance Company Is Ready To Write Unemployment Policy

CURRENT discussions of unemployment insurance ignore the fact that some form of unemployment insurance policy might now be available excepting for objections of the New York State Insurance Commissioner backed by the New York State legislature. Metropolitan Insurance Company, the nation's largest, requested permission to write this type of policy both in 1919 and 1923, and is understood still to be willing to do so.

The insurance commissioner held that Metropolitan, being a mutual company, should not be permitted to experiment with its policyholders' money. The plan in mind at that time was unemployment insurance in the group form. None of the other leading companies has considered unemployment insurance, due to the great difficulties involved. It isn't in the picture for Travelers, Prudential has no intention of entering the field, and New York Life is cold to the matter.

Many Big Obstacles

There are large obstacles to the writing of unemployment insurance both from the company and from the actuarial standpoint. It is considered the most difficult of all forms of insurance. Industrial unemployment arises from many different causes, and only a part of these ever would be susceptible to treatment by insurance, according to the best opinion. They include (1) seasonal fluctuations; (2) long-term trade fluctuations of a cyclical nature; (3) fundamental structural changes in industry, such as changes in production processes, changes in fashions, over-expansion, and loss of markets; (4) industrial disputes; and (5) personal causes. Skill and placement, vocational counsel, training and re-education must handle numbers 3 and 5, it is felt. Trade unions and charitable organizations should handle unemployment arising from industrial disputes.

For Seasonal Aid

Insurance could be used to furnish adequate relief in seasonal unemployment according to some opinion, and for cyclical disturbances if not too prolonged. It probably cannot in the near future provide against protracted idleness due to extended depression.

Efforts in this country always have been turned more to preventives of unemployment than to relief. The success of preventive measures will determine ultimately the extent to which relief in the form of insurance will be needed.

Social insurance has never made much progress in the United States. True, more than 40 states now have legislation for compensation insurance. Of these, the insurance fund is operated by the state in 7, and state funds are in competition with private business in 7 more. But many obstacles stand in the way of further increases in state action.

The Discharge Wage

The "discharge wage" is an important consideration in connection with this question and increased usage of this device has resulted in a form of insurance. Continuation of pay for a period after discharge enables the worker to seek employment elsewhere and still not be in want.

Several other difficulties enter into consideration. They include the problem of making rates differ according to industries, consideration of the "drifter" and the question of what is to happen where of two adjoining states one has such a plan and the other does not.

A glance at the two leading proponents of unemployment insurance in Europe is not encouraging. England has had some type of insurance against idleness in effect since 1911; Germany, since 1927. In Britain employees, employers and the government contribute to the fund. At the end of 1928 the fund had a deficit of $121,500,000; at the end of 1929 a deficit of $174,960,000.

Germany has fared little better. Income into the insurance fund amounted in 1928 to $236,000,000 and in 1929 to $202,538,000. Expenditures in 1928 were $326,536,000 and in 1929 $223,958,000. The deficit thus in 1928 was $89,726,000 and in 1929 $21,420,000. Estimated deficit in the first three months of 1930 was $61,880,000.

The statement frequently is made that abnormal conditions have prevailed in these countries for several years. Interested American insurance officials point out that that is the reason they feel that no plan can work successfully against protracted depression. In Europe, also, unemployment insurance has been confused with poor relief, and at times actuarial work has been almost abandoned.

Wide World

DEDICATED

The Shell Oil Company's new headquarters in San Francisco, the opening of which was the ostensible reason for Sir Henri Deterding's visit to this country. Sir Henri unlocked a door, Lady Deterding raised a flag

Chain Stores Cooperate In Traffic Efforts

ORGANIZATION of Chain Stores Traffic League inaugurates joint study of traffic problems.

Members now include Woolworth's, Penney's, McCrory Stores Corp., S. H. Kress & Co., Metropolitan Chain Stores, Schulte-United, F. & W. Grand-Silver Stores, Inc., W. T. Grant Co., and McLellan Stores Company. The League will undertake both research and executive duties, questions of claim prevention, and detailed investigation of packing methods. The organization will work in conjunction with transportation companies on problems of rates, claims, handling, and services.

Northerns' Merger to Mark Time Till Fall, Ralph Budd Says

WITH Congressmen raising a hubbub of protest against the proposed merger of the Great Northern and Northern Pacific railways, and public sentiment against the unification finding organized expression in the Northwest, chief executives of both roads are now saying that no immediate move toward consolidation is contemplated. This was expected in view of the decisions understood to have been arrived at in recent meetings of Northerns' officials (*The Business Week*, April 9, 1930).

Returning to St. Paul from Washington, Charles Donnelly, president of the Northern Pacific, and Ralph Budd, president of Great Northern, took a "don't get excited" attitude.

Problems To Be Solved

Mr. Donnelly issued a statement giving assurance that further public hearings would be necessary before the merger could be consummated. He also stated that stockholders of the Northerns must give new consent to a merger under present I. C. C. conditions.

Mr. Budd pointed out some of the difficulties placed in the path of the merger by the conditions attached to the Interstate Commerce Commission's recent approval of the consolidation (minus the Burlington) and declared they are so great as to be practically "incapable of solution."

He also made the statement that no definite proposal is likely to be made to the Interstate Commerce Commission on the merger until this fall or winter when he returns from his survey of Soviet Russia's railroads.

Burlington a Poser

Chiefly troubling the bankers and stockholders involved in the consolidation move is the difficulty of finding a satisfactory method of disposing of the Burlington stock. Could it be offered to shareholders of the Northerns as a "melon" there would be no trouble in getting stockholder approval for sale of the Burlington. But I. C. C. approval of such a stock disposal method is considered doubtful.

There are obstacles, too, in the form of mortgages against which the Burlington stock has been pledged as security. To sell the stock "out of the family" does not meet with the approval of all factions. At the present date, this problem is understood to be the most serious one confronting the merger advocates, excepting, perhaps, growing public sentiment against consolidations.

Governor Christianson Moves

In the Northwest, which the Hill lines serve, Minnesota's ten representatives in Congress appealed to Governor Theodore Christianson to follow the example of Samuel R. Van Sant, who thirty years ago, as governor of Minnesota, started the court fight which ended in the Northern Securities decision, blocking the plan to merge the Northern Pacific and Great Northern.

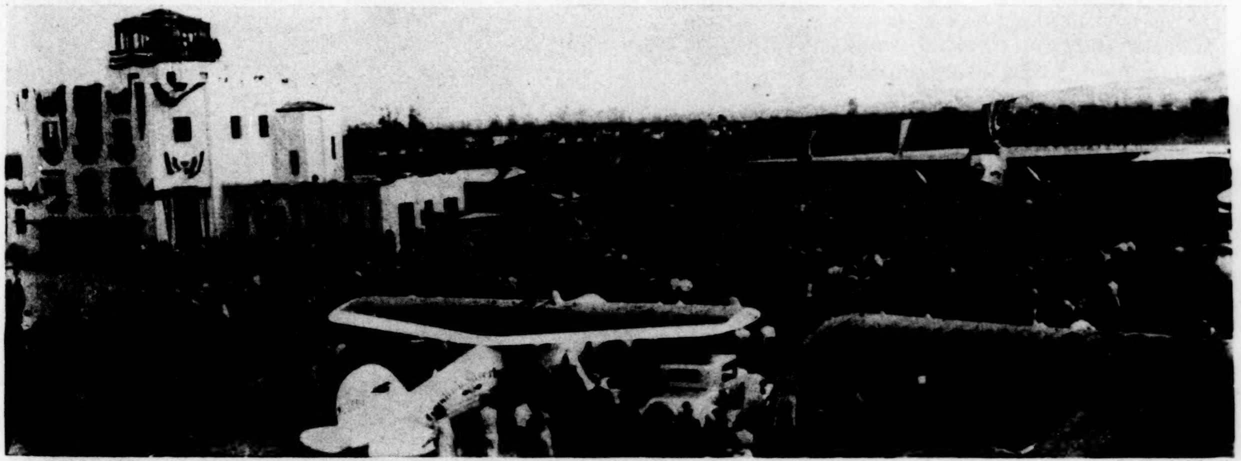
Governor Christianson responded by sending representatives of the state attorney general's office to Washington to confer with the Congressmen. He also called for the co-operation of Congressmen from other Northwest states in the fight against the unification.

The Northwest is said to fear that the merger of the Northerns would eliminate rail competition and increase unemployment. Ralph Budd answered this objection by stating that the economies expected from the merger ($10,000,000 a year) would benefit Northwest shippers; that increased equipment manufacturing by the unified Great Northern Pacific would offset any decrease in employees.

Sees Trouble Ahead For Rail Holding Companies

UNSCRAMBLING of railroad holding companies' activities will be necessary if they continue unchecked for another year, Chairman Frank McManamy, of the Interstate Commerce Commission, told the Senate Interstate Commerce Committee this week. He appeared before the committee in favor of the Couzens resolution which would halt all rail mergers pending further legislation.

Joseph B. Eastman, of the I. C. C., had previously proposed that the resolution be qualified to make it apply specifically to consolidations which the commission believes would violate anti-trust laws. Chairman McManamy agrees. The resolution is in line with recommendations the commission has made for 5 years. He added the need for legislation empowering the commission to force railroads to preserve existing routes.



Pacific & Atlantic

LOS ANGELES AIR TERMINAL OPENS

Western Air Express marked the fourth anniversary of the beginning of operations in Los Angeles by dedicating a million-dollar airport. In the left background, the station and central offices; right, part of the crowd and the 32 planes attending the celebration

Faster Trains Meet Demands Set by New Travel Speeds

A GENERAL speeding-up of train service is in progress. The airplane, motor car, and "express" steamship are educating the public to favor the speedier way in transportation, rail officials believe, and they intend to lose no time in complying with the demand in so far as safety permits.

In the East, the Pennsylvania and Baltimore & Ohio are reducing schedules between New York and Washington and are, incidentally, engaged in a speed war on this run. The New York, New Haven & Hartford is offering faster service between New York and Boston.

Three Days To Cross Continent

The Erie has put on a 24½-hour train between New York and Chicago. In the West, the Santa Fe's Chief is on a 56½-hour Chicago-Los Angeles schedule. The lines to the Northwest (Chicago to Seattle-Portland) are considering 58-hour runs. It is not generally recognized that a 3-day all-rail transcontinental trip is now possible. Leaving New York in mid-afternoon on the Twentieth Century or Broadway Limited, a lay-over in Chicago of two hours permits connection with the Northwestern-Union Pacific-Southern Pacific's Overland Limited to San Francisco, or the Santa Fe's Chief to Los Angeles.

Perhaps the most notable speed run in the world today is that of the International Limited, of the Canadian National Railways, which recently was put on a 6-hour time for the 334-mile Montreal-Toronto run. Not only is a speed of 55.7 miles per hour with a train of 12 or more steel cars remarkable in itself, but it includes half a dozen or more stops en route. Considering weight, distance and stops, no run the world over can compare with this schedule.

Speed Subordinate to Safety

Singularly enough the fastest long-distance run in North America is also made largely in the Province of Ontario, where the absence of grades and the long stretches of tangent enable the Michigan Central's Wolverine to average nearly 58 miles an hour for 228 miles.

Yet the same railroad—the New York Central lines—took some pride in recently stating that its Empire State Express would make the New York-Buffalo run in 8½ hours (15 minutes slower than the schedule back in 1907). It is the same train which attained a speed of 112½ m. p. h. for a short distance in 1893. Ask the rail official why train speeds are actually slower today than they were at the turn of the century—why prophecies of still greater speeds never came true—and he will reply cryptically, "Safety."

Locals and Freight Must Run

Furthermore, in all the effort to expedite train-schedules, consideration has to be given to local trains and to fast freights—the life-blood of a railroad. Their schedules cannot be disrupted as they would be by mile-a-minute passenger schedules. After all, a fast perishable freight, with 50 to 100 cars of fruit en route from California to eastern destinations is earning more money for the road than the fastest limited. It must have the track, so far as possible.

Speed for Fast Freights, Too

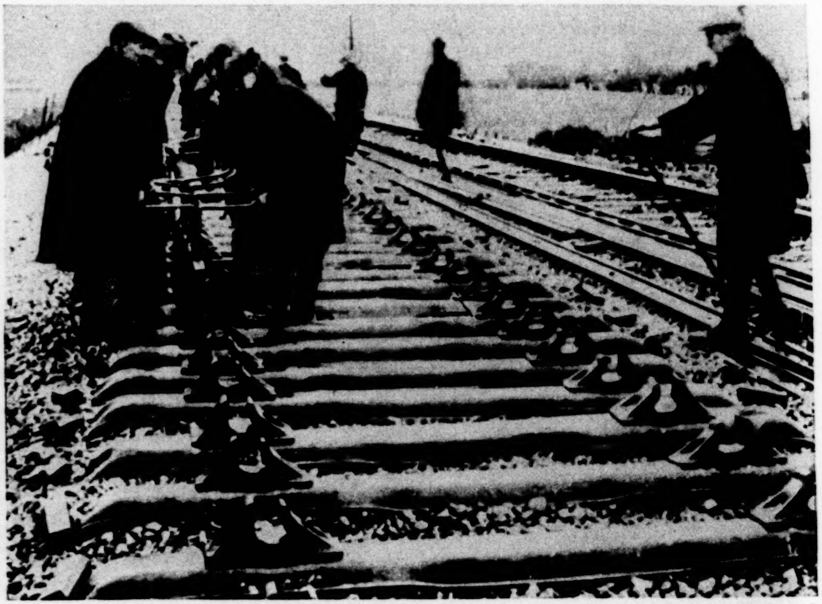
The speeds now attained by fast freights are also noteworthy. On the Erie, D. L. Gray, vice-president, reports virtually a two-day schedule from Chicago to New York on certain fruit trains, with a regular third morning delivery on others. Over the Erie Railroad, fruit trains of 75 to 100 cars speed at average schedules of between 25 and 30 miles an hour, while some trains, with only one locomotive, comprise as many as 125 cars on fast schedule.

Foods, Drugs, Dry Goods, All Swing to Wholesaler

THE WHOLESALE DRY GOODS INSTITUTE reports that a number of important manufacturers of hosiery, knit goods, and furnishings who have been selling direct have recently changed their distribution policies and are now putting all their business through wholesalers.

Some of the large food manufacturing mergers are likewise swinging toward complete distribution through wholesalers. General Foods Corporation now does almost no business direct with retailers except in such products as Hellmann's mayonnaise and other salad dressings, which, because of their semi-perishable nature, are distributed by wagons direct to the retailer. This company also recognizes on a direct basis most of the chain store organizations. A New England packing house, recently acquired as a source of manufacturing supply, will distribute the company's products to buyers in summer camps and hotels.

The Business Week has already pointed out the reversal of policy by a large manufacturer of drug sundries from direct selling to dealing through wholesalers. Other units in the drug field are following suit.



Underwood & Underwood

STEEL TIES FOR ENGLISH RAILROADS

In this experimental test-section, the 200-pound steel ties are laid loosely on the rock ballast. Heretofore, they have been imbedded in concrete, as in this country

AMERICAN WORKERS FOR RUSSIA

Some of the 50 American mechanics now in Russia to teach the Soviets how to run and care for the 1500 Caterpillar tractors now in use

Location of Industries Becoming Exact Science

LOCATION of industries at logical points is becoming an exact science.

Ninety Industrial Bureau Managers met recently at the Chamber of Commerce of the United States in Washington. Reports indicated increasing funds available for research and for engineering studies.

Some managers were bold enough to contend, in the face of incredulity, that they turn away industries when studies show the factories would do better elsewhere.

By contrast, Harold V. Coes, of Ford, Bacon & Davis, asserted it is very difficult to get industrial bureaus to reveal adverse facts.

An important part of the work of the industrial bureau, contended G. Harvey Porter, of Baltimore, is the stabilization of industries already in the community. If a concern encounters difficulties, he believes the industrial bureau should offer to help to get at the cause and assist in every way possible to get it back on a profitable basis.

If the partial payment plan is an important factor in the sale of commodities, it was argued that it should be used in inducing factories to come to a community. Factory buildings could be made available with payments spread over ten or fifteen years.

Taxation was discussed. In one manufacturing area there are 150 taxing bodies.

Park Avenue Pays Grocery Bills on Dot

"SNOOTY" customers do pay their bills, and promptly. But be sure they are really "carriage trade," not impostors hanging on the fringe.

These are the lessons from the report of M. Lehmann, Inc., grocer to New York's Park Avenue, sometimes described as the wealthiest street in the world.

In 36 years he has lost $1,000 in unpaid accounts—$400 of this in one lump when he was new in the business. Park Avenue's grocery bill is $150 to $400 a month; 99% are paid in 30 days. Lehmann never canvasses for trade, offers no bargains of any sort. He finds his customers like "an old-fashioned store," so he deliberately avoids appearance of great modern efficiency.

Most important, he fully investigates before opening an account.

Ford Junking Plan May Bring Plant to Buffalo

THE Ford car junking plan described in *The Business Week*, March 19, is apparently proving successful. Ford is reported in negotiation for an 80-acre site in Buffalo where he plans to erect the largest metal reduction plant in the East. If plans go through, he will buy junked cars throughout the East, ship them to Buffalo, chiefly by water, and reduce them to usable metals in the electric furnaces to be installed in the new plant.

Recovered metal will be shipped to Ford plants by lake boats. The New York State Barge Canal will be used as a connection with the Atlantic Coast and on return trips the barges will carry Ford cars ready for final assembly in Ford's Eastern plants. The Buffalo General Electric Co. is understood to have agreed to erect a complete steam power unit near the site of the proposed plant.

Russia Reports Workers Average $36 a Month

SOVIET labor figures, just released, shed at least a beam of statistical light on the gloomy pictures which have been coming from Russia, and elsewhere.

The average monthly wage last year for the 11 million workers covered by the social insurance laws was approximately $36. Metal workers received the highest average, $46; followed closely by leather workers, railway employees, and chemical workers. The 675,000 textile workers, largest single group, received an average of $31.

Not a few of the expenses which drain the incomes of Americans are handled by the government in Russia. Sickness, unemployment, and old age insurance are provided by the state, along with free dental treatment and free treatment in sanitariums and rest houses. Where living quarters are provided by the state, wages are proportionately less.

Of the total number of workers, 708,000, or slightly more than one-fourth, are on the 7-hour day. The continuous work-week which gives each worker every fifth day free but staggers the holiday so that the same number of workers are always on the job, has been introduced in nearly three-fifths of all the plants under the control of the Supreme Economic Council.

Though these statistics cover the activities of only a small proportion of Russia's 150 million, they offer a fair index of what happens to Soviet labor.

Nitrogen Producers Here Not Interested in Cartel

GERMANY is pulling herself out of another overproduction bog by means of a cartel, is anticipating world agreement later. Not all outside interests agree yet.

The industry is nitrogen production. The 5 largest producers in Germany, controlling the bulk of national production, last week signed an agreement which will stand for 7 years. Negotiations leading up to the agreement disclosed that domestic nitrogen production capacity is now 1,150,000 tons; current sales are only 800,000 tons.

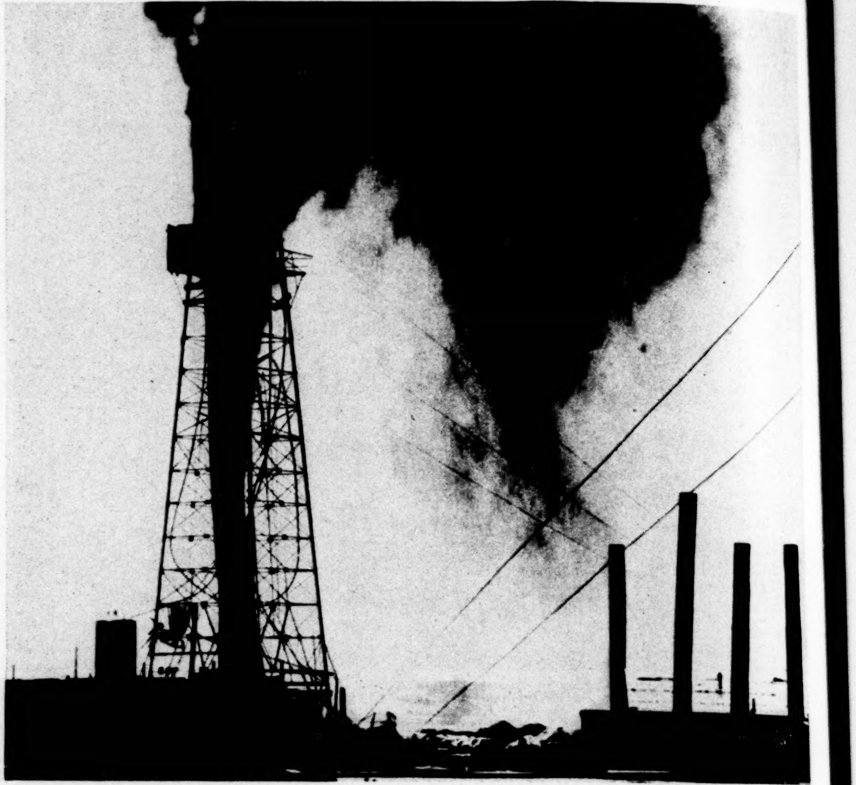
Abroad, the situation is little better. World production of pure nitrogen in 1927 reached 1,440,000 metric tons; in 1929, jumped to 2,300,000. Production in Chile last year crossed the half-million mark, a new record since the 1926 crisis. The world's coke-oven by-product production is now 440,000 metric tons; synthetic production is 1,100,000.

In England, Imperial Chemical increased its production from 50,000 metric tons in 1928 to 105,000 in 1929. Kuhlmann interests in France, Montecatini in Italy, and the Government in Poland, have built, or are building, new synthetic works; Allied Chemical and DuPont are now producing on large scale in the United States. Despite farm consumption of nitrogen fertilizers, the Germans believe consumption can't possibly keep up with this rapid expansion.

American interests are not alarmed at the situation. Nor are they inclined to anticipate any profound effect in this country from a world nitrogen cartel at the end of the 7-year German experiment. Greater efficiency with resulting price cuts, they believe, will expand the market and absorb increased home production. For the German and Chilean industry, with limited domestic consumption, they see difficulties are ahead.

Income Tax Payments Up to Expectations

SEGREGATED income tax figures for first quarter show individual payments about exactly equal to the estimates on which the tax cut was based. Total payments were $306,000,000, $40,000,000 less than in 1929 at the higher rate. Corporations paid $321,000,000, only $9,000,000 less than a year ago, despite the rate cut of 1%. The figures reveal no reason for unusual Treasury delay in making them public. Total collections for the March quarter were $555,000,000.



Underwood & Underwood

PETROLEUM'S BAD GIRL

"The Wild Mary Sudik" was brought in as a gasser March 26, and blew in as a gusher soon after. For eleven days, she belched gas and vomited oil, some 2000 barrels an hour, which covered the countryside for eleven miles around. All other drilling was stopped, all fires put out, a guard mounted. Photographers, unwanted, slipped through the lines disguised as workmen. Her destruction was being considered when she was throttled into submission

Southern California Has Liquefied Gas to Burn

FOLLOWING announcement of Pacific Public Service Company's new plan to supply small communities with liquefied natural gas through regular distributing mains (*The Business Week*, April 2), Southern Counties Gas Company, operating in 5 counties of Southern California, revealed that they have already successfully launched a similar project.

After a year of secret experimentation, mains were laid at Moor Park, Calif., a town of 500 population, and service was started 2 months ago. The plan will be rapidly extended to other communities in Southern Counties' territory.

Officials of the company think the new distribution method will be adopted throughout the country; see in it a solution of California's gas wastage problem.

The liquefaction process developed by Southern Counties produces a highly volatile gas having a B.t.u. content of 2,830 per cubic foot, as compared with the 500 B.t.u. content of manufactured gas and the 1,100 B.t.u. content of ordinary natural gas.

House-to-house Selling Pays Telephone Company

SELLING telephone service by personal solicitation enabled the Southern California Telephone Company to install 9,141 new telephones in Los Angeles during the first 3 months of 1930, almost one-tenth of the new installations throughout the entire United States.

Quite early this year it became evident that the anticipated growth in service in Los Angeles was not being realized. The telephone company promptly sent out salesmen, inaugurated a system of getting return orders by mail, increased its advertising program.

As a result, new installations in this area were only 11% below the corresponding 1929 figure, while those for the entire country dropped off about 60%.

Britain Builds New Bridge Between Banks and Industry

By Special Cable to The Business Week

FORMED under the leadership of Governor Norman of the Bank of England, the new Bankers Industrial Development Co. bids fair to become a vitalizing force in British industrial life. It will be powerful primarily as a moral factor, affording a place where industry and banking may meet under the semi-official auspices of the Bank of England.

Industry and banking have got badly out of touch in England since the war. Conditions have increased the need for basic industrial reorganization and modernization, with the consequent need for refinancing. The average British bank, however, has remained rooted in the tradition that obligations toward depositors are irreconcilable with participation in industry. British bankers have felt they might accommodate industrial short-term needs, but if industry needed capital, it must go to the public for subscriptions.

Is "Advisory Bank"

Thus there has been a great gap between rationalization needs, banking inertia, and public understanding. The gap now is to be bridged by a new kind of financial institution, a creation sponsored by the Labor government, and carried out by Governor Norman. It is best described as an "Advisory Bank." It is designed, not as a reservoir of capital, but as a liaison agent between industry and existing channels of finance.

Its influence may and probably will go far to shape the course of rationalization, and at the same time profoundly modify the traditional character of British banking.

A Step Further

Organically, the company is a further development of the Securities Management Trust, a subsidiary of the Bank of England formed last November. This, however, was no more than a separately incorporated advisory board of distinguished directors which included Governor Norman, and outstanding personalities in the coal, iron, and cotton industries and in the private banks. Additional machinery was required, more closely associated with actual finance, less closely associated with the Bank of England though retaining the latter's collaboration.

This machinery now is supplied by the Bankers Co., wherein Securities Trust (that is, the Bank of England) retains one-half the voting power through triple-voting shares, though subscribing only one-third of the capital of $30 millions. With significant unanimity, virtually every important British bank is among the stockholders. Governor Norman is chairman and the board includes Bruce Gardner, managing director of Securities Trust. On the board are private financiers such as Baron Bruno Schroeder. The company will have a consulting advisory council of other eminent financiers.

The Bankers Co. is not concerned with the mergers of individual firms, but only with reorganizations of whole industries or entire districts. It will not itself originate schemes, but will pass upon schemes submitted. Immediate employment of its own capital, which is only one-quarter called, is not foreseen. It will lend its good offices toward securing financing for approved reorganizations, but only through existing facilities. It may possibly supplement them when they are inadequate.

Will Lend Prestige

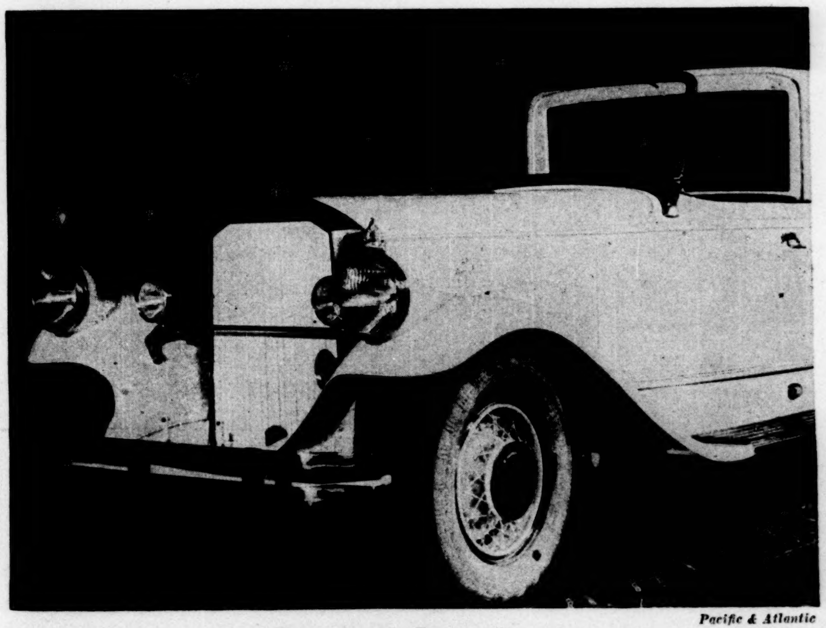
The significance of the Bankers Co. is primarily moral. It is the story of Baron Rothschild who, asked by a young man for a loan, said "I'll do better than that. I'll walk down Threadneedle Street with you, arm in arm. After that you can borrow all you want wherever you want."

Thus the Bankers Co. will attach its prestige to approved reorganization plans, facilitating private and public financing. It will render service without profit. The board and council will serve without fees. The company is provisionally limited to a life of 5 years, with power of extension. The feeling is that during this period, the rationalization of Great Britain's industry will be far advanced.

Breaks Traditions

The company may be of far-reaching importance in stimulating the reorganization efforts of industry and trade, in expertly guiding such efforts, in breaking British banking out of its conservative traditions. While itself a wholly British institution, it would be impossible, even if desired, to restrict the advisory service strictly for the benefit of British finance, and it is not unlikely it will frequently prove a factor in American financing of British rationalization schemes.

The first applicants to the Bankers Co. for help probably will be the Welsh coal industry, the iron and steel industry, the shipbuilding industry, the cotton and woollen industries, and the northeastern districts. There is a possibility that Lord Kylsant will submit a scheme for a merger of British shipping lines and the International Merchant Marine.



Pacific & Atlantic

POTENTATE'S PIERCE-ARROW

Specially built for the Shah of Persia, it is properly luxurious. Interior and upholstery are all of silk; the Shah's own emblem adorns the gold headlights. It cost $40,000

"United" They'll Fly From Coast to Coast

THE long-heralded 30-hour or less, all-air passenger service between the Pacific and Atlantic operated by a single company was realized this week when United Aircraft & Transport, Inc. won a long and complicated battle for control of National Air Transport Corporation (*The Business Week*, April 23, 1930) which carries the mail on the Chicago-New York part of the transcontinental route. N. A. T. is headed by C. M. Keys.

United already owns Boeing Lines which carry mail and passengers between Chicago and San Francisco and will start 24-hour night-and-day passenger service. N. A. T. has already announced a 6-hour-and-40-minute schedule between Chicago and New York.

The Rich Get Richer; The Poor Get Poorer

LATEST studies of the Harvard Bureau of Business Research, covering operating costs of retail stationers and building material dealers in 1928, and marketing costs of grocery manufacturers in 1927 and 1928, confirm the saw that "the rich are getting richer and the poor are getting poorer." They show increasing business always associated with relatively low gross expenses and high net profits.

The analysis of marketing expenses among grocery manufacturers and packers is especially timely in view of the rapidly changing conditions in the distribution of foods.

Marshall Field Leads Parade to Merchandise Mart

AN ARMY of 10,000 buyers from all corners of the continent, 5 times the ordinary market attendance, visited Marshall Field & Company's wholesale removal sale in Chicago, ending April 26. This week, the wholesale department leaves its 43-year-old stand at 219 West Adams St. for new quarters in the Merchandise Mart, the world's largest building.

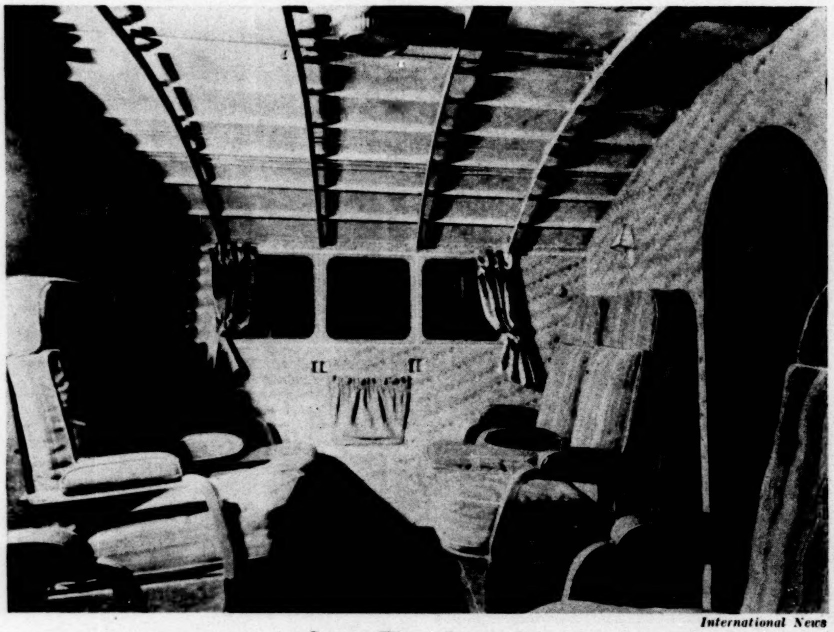
D. J. O'Grady, Marshall Field's wholesaling advertising manager, tells *The Business Week* that reports from these buyers indicate that small town and country business is better than that in the big cities; concludes that current statistics of department store sales, based largely on big-city business, do not reflect accurately the condition in the country as a whole.

Marshall Field & Co. will occupy part of the first and second floor, all of the third, fourth, fifth, and sixth floors in the new Merchandise Mart. Floors seven to eighteen will be parcelled out to many other wholesalers and manufacturers, largely grouped according to lines. The nineteenth, first tower floor, will be the Chicago headquarters of the National Broadcasting Company.

Pacific & Atlantic

MR. AND MRS. ADVERTISING

Bruce Barton, of Batten, Barton, Durstine & Osborn, and his wife, arrive on the Ile de France after a European holiday



International News

SPEED WITH LUXURY

One of the compartments of the deluxe planes on the New York-Rio-Buenos Aires run. These "Commodore" flying boats span 16 countries, bring Buenos Aires within a week of the United States

Wholesalers are using such improved marketing machinery as is offered by the Merchandise Mart to strengthen their gains of recent months, and business is following this use. Chicago's new Furniture Mart has captured the palm from Grand Rapids, now has four times as many buyers, many times the sales volume. Simmons Co., Kroehler, Heywood-Wakefield and Showers Brothers, the 4 furniture leaders, now have their national showing exclusively in Chicago. Electric household equipment, now springing into prominence, will benefit by these new facilities, may have a mart of its own some day.

Investment Trusts Plan To Form an Association

G. SHELBY CARTER, vice-president of the All America General Corporation, has written to executives of most of the trusts proposing an association. Numerous favorable replies have been received and an organization meeting will be held in the near future.

Mr. Carter has formulated at least four definite activities for such an organization on the basis of talks with trust officials: (1) Exchange of ideas in doing business; (2) combating unreasonable criticism; (3) aiding restoration of faith in trust securities, which received a heavy blow last autumn; and (4) opposition to unreasonable proposals for legislation affecting the trusts.

What the Figures Show

THE current records covering the period around the middle of April fail to show much definite improvement in the business situation. As a whole business is unusually static for the season. The basic industries show no pronounced upward movement and the seasonal stimulus to general trade appears to have been somewhat weak, partly due to unfavorable weather conditions. Commodity prices also are not rallying as vigorously as they were.

FIGURES OF THE WEEK

	Latest Week	Preceding Week	Year Ago
PRODUCTION			
Steel Mill Operation (% capacity)	77	76	98
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$17,784	$19,278	$24,523
Bituminous Coal (daily average, 1,000 tons)	*1,363	‡1,422	1,393
Petroleum (daily average, 1,000 bbls.)	2,561	2,561	2,672
Total Electric Power (millions Kw. H.)	*1,845	*1,830	1,830
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	152	151	162
Check Payments (outside N. Y. City, millions)	$ 5,904	$ 5,525	$ 6,412
Wheat Receipts (1,000 bushels)	2,598	3,076	4,119
Cotton Receipts (1,000 bales)	88	114	118
Cattle Receipts (1,000 head)	*142	‡153	168
Hog Receipts (1,000 head)	*468	‡491	527
Wool Receipts (1,000 lbs.)	3,555	4,317	6,044
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.01	$ 1.07	$ 1.13
Cotton (middling, New York, lb.)	$ .162	$ .166	$ .204
Iron and Steel (composite, ton)	$34.40	$34.44	$37.04
Copper (electrolytic, lb.)	$ .138	$ .164	$ .178
All Commodities (Fisher's Index, 1926-100)	90.7	91.3	96.7
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,845	$16,829	$16,431
Commercial Loans, Federal Reserve member banks (millions)	$ 8,607	$ 8,666	$ 9,078
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 4,217	$ 4,124	$ 5,492
Federal Reserve System Ratio	81.8	80.4	74.3
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	16,708	28,796	16,658
Stock Prices (N. Y. Times, average 50 stocks)	$241.79	$241.58	$241.95
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$49,725	$66,974	$46,627
Bond Prices (Dow, Jones, average 40 bonds)	$ 94.99	$ 95.25	$ 94.77
Interest Rates—Call Loans (daily average)	4.0%	4.0%	7.9%
Interest Rates—Time Loans (daily average)	4¼%	4¼%	8½-9%
Business Failures (Dun, number)	491	494	488

* Preliminary
‡ Revised

Steel Shows Slight Increase

Steel mill activity for the latest week shows a very slight increase from 76% of capacity on the average to around 77%, according to the Dow, Jones estimates. *Iron Age* puts the rate of steel ingot production higher, at around 80% as against 78% last week. Little significance is attached to this or recent week-to-week movements, except as a reflection of the closeness of hand-to-mouth buying and the large part which demand from diversified sources plays in current steel business. There has been some improvement in automotive requirements, chiefly from makers of low-priced cars. Pipe demand outside of merchant lines depending upon building construction is good. Tin plate and farm equipment continue active and steel for highway construction purposes is in good demand. But railroad buying is light and falling off under the pressure of decreased traffic and earnings. Structural steel requirements are still relatively disappointing. Prices tend to weaken and there are rumors of wage reductions.

Freight cars on order April 1 were 37,117 compared with 42,561 a year ago, but locomotive orders at the beginning of this month were higher than last year. The *Iron Age* reports structural steel awards running far behind the averages for the first months of 1928 and 1929—30,750 tons weekly this year as compared with 43,700 for 1929 and 40,700 for 1928. The latest week shows about 30,000 tons.

Building Flagging Again

The recent seasonal strength in building seems to be flagging somewhat. The average level of weekly general construction contract awards has made practically no progress so far during April, in contrast to the strong upward movement at this time last year. The average level is now as far below last year as it was in January and early February. General contract awards in the metropolitan district of New York for the latest week were down considerably from the preceding week and below last year. Heavy construction contracts, according to *Engineering News-Record* figures, are making a somewhat better showing. The average weekly rate is still above last year's level. There was a pronounced increase for the week ended April 24 and the cumulative total for this year to date shows a progressively smaller deficit, less than 20% below last year's.

Bituminous coal production showed a further decline in the daily rate for the latest week and is below last year's level, though still above that of 1928. Petroleum production was practically unchanged for the week.

Electric power production, though showing an increase for the week, lags more emphatically behind the normal annual increase. Output for the latest week was less than 1% above that for the corresponding week last year.

Commodity Prices Go Down

Renewed weakness in commodity prices appeared last week. Part of this was due to the final adjustment of copper prices to the 14-cent level, but through most of the week most commodity markets were declining. The wheat average fell near to the dollar level again under favorable weather reports, though prices rallied toward the end of the week with a sharp pickup in export buying. The cotton average, too, forced down early in the week strengthened later. The iron and steel composite declined further for the eighth consecutive week and is back to the 1923 level. Even at 14 cents domestic buying of copper remains slack, and further decline is expected. Both the Fisher all-commodity index and that of the National Fertilizer Association showed declines for the week, after several weeks of upward tendency. The government's wholesale price index shows a decline of 1.4% between February and March, a somewhat more marked drop than in the preceding month or than was indicated by other price indexes. Farm products showed the greatest decline, 3.3%.

General Trade Indicators Rise

The general trade indicators show some improvement for the week, but as yet the response to seasonal influences is disappointing. Carloadings of non-bulk freight rose for the second consecutive week, in accord with the usual seasonal trend, but still ran nearly 7% below last year, although for the latest week they surpassed the 1928 levels for the first time since the beginning of the year. Check payments in 131 cities outside of stock trading centers rose as usual for the week but still show no pronounced tendency to reduce the deficit below last year, which still runs around 6%. The continued decline in commercial loans of Federal Reserve member banks in contrast to total loans on discounts reflects the relative slackness in general trade.

The number of business failures continues to drop as is usual at this period, and is now far above last year's level.

Money and The Market

PRICES of stocks worked lower this week in all major groups excepting the oils. Increased evidence pointed to an overextended market in process of readjustment and to distribution of stocks by professionals to the unwary. The money and bond markets were devoid of features.

Oil securities were strong on news of price settlements throughout the industry. Several, including Standard of Jersey, were at their highs for the year. Some isolated specialties showed strength. The main body of industrial securities, along with rails and utilities, were more sold than bought. Earnings reports averaging from 10% to 15% below this time last year did not support prices at or above last year's levels. The week's developments were not of a character to encourage optimism for the future. Sales volume was larger than last week, but below other recent weeks.

The week's rise of $92,000,000 in brokers' loans is reminiscent of last year's feverish developments. Rising loans and falling prices inevitably mean increased margin buying, probably based on artificial enthusiasm. Some market interpreters are helping others to misinterpret brokers' loans by pointing to the "low" total of such loans—apparently in comparison with last year.

Such soothsayers fail to show that in 1930 to date brokers' loans have risen 23% while stock prices have climbed only 17%. More striking are developments in March and April. Stocks rose about 6% while loans went up 20%. These figures show an unmistakable trend toward a weaker market structure.

Money on short-term shows little change. Ease is spreading, however, from the liquid loans in New York into longer-term loans of all kinds throughout the country. This trend is not directly measurable, but straws indicate the direction. Mortgage rates are easing a little, and funds for this purpose becoming more plentiful. Telegraphic reports to *The Business Week* from other cities show rates to business to be on the decline.

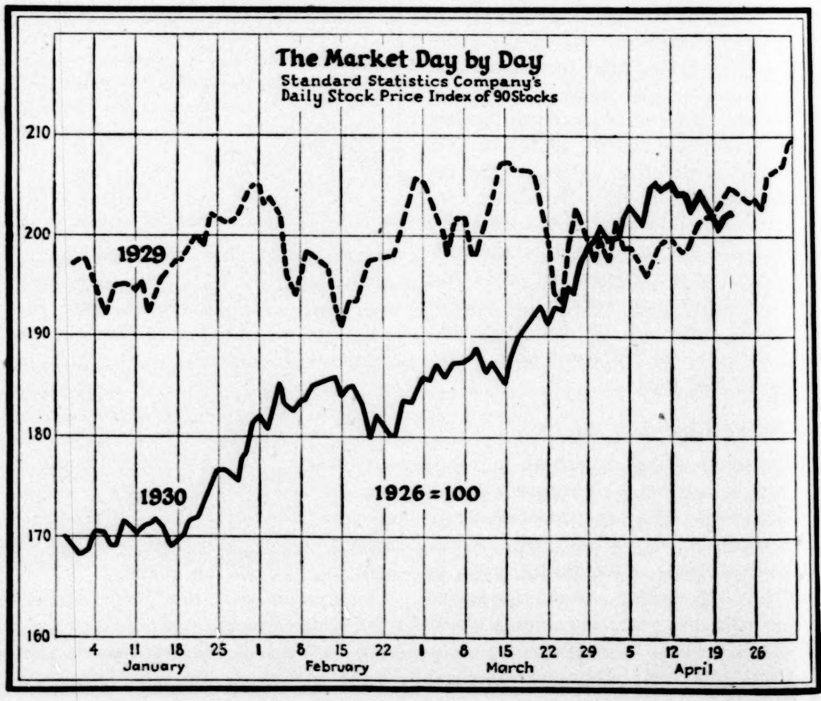
New York rates betrayed a slight easing tendency. Collateral time money on medium maturities eased ¼%, with dealers marking acceptances down ⅛% on most maturities. Rates to depositors in banks will be less in Boston under a clearing house agreement. Boston bankers say they have been paying the highest rates in the country, and have adopted a standard scale based on the discount rate of the Boston Reserve bank.

Credit developments were few. Bank statements in leading cities followed the trends of recent weeks. The Federal Reserve banks continued passive.

Member-bank credit increased. The growth was of the monotonous regularity of recent weeks. This was due to security loans, almost entirely traceable to brokers' loans, supplemented by slightly larger investments. Commercial loans continue their disheartening decline. With currency circulation following the same trend, there are few signs to show improvement in business as yet.

The Federal Reserve reduced its credit outstanding slightly, through reduction in bill holdings of almost $50,000,000. Security and discount portfolios continued at almost the same size as last week. The reserve ratio showed considerable increase.

Another step was taken in establishing the world bank. Directors met and harmoniously chose officers for the institution. Germany registered a formal protest against election of a Frenchman as managing director, but this apparently had little meaning. They were consoled by appointment of a German official. The central bank governors, meeting together, expressed great satisfaction over the opportunity for collaboration and are expected to make increasing use of it.



A Hard March For Textiles

THE March figures of the situation in cotton textiles show strenuous and fairly successful efforts to keep production in line with an unfavorable market situation. Cotton consumption by American mills was at a daily rate 5.5% below February and 19.5% below last March. The weekly rate of production of standard cotton cloths, according to the figures of the Association of Cotton Textile Merchants, was cut even more drastically by 22% between February and March. Spindles operated on a single shift basis were 92.8% of capacity as compared with 97.7% in February and 109.3% last March. This curtailment was on the whole greater than the curtailment in business. Sales on a weekly basis showed a relatively small decline, and both sales and shipments were actually larger than the production for the month—sales 11.8% larger and shipments 1.6% greater. By virtue of this striking adjustment in production, stocks at the end of the month were 1% smaller than at the end of the preceding month and unfilled orders increased 7.4%.

The situation in wool is not so favorable and the general consensus is that the past three months have been the worst in this field for a long time. Wool consumption is running at about 20% below last year and woolen and worsted spindles are operating at a rate around 60%. Silk manufacture, however, was at a fairly high rate during March, with raw silk consumption about 2% above February and above last March.

The Public, at Least, Is Building

THE Department of Commerce, in a statement issued last week, is jubilant about the record of public work and utility construction during the first quarter of this year. This class of construction shows an increase of 56% over last year and is well ahead of the corresponding periods of the years 1925-28 inclusive. For public buildings alone construction contracts in the first quarter were 33% higher than 1929 and at a record level for the corresponding periods of the last five years.

In addition to this class of construction, hospitals and institutions, which have also been subject to public stimulation, showed an increase of 74% over 1929 and also established a record for the last five years. Religious and memorial buildings were likewise about 45% higher than a year ago but somewhat below similar periods for the four preceding years. The influence of public stimulation, however, seemed to have stopped there, and educational, social and recreational structures were somewhat below 1929.

Residential construction still lags notably behind any of the past five years, and for the first time in this period the total for the quarter is less in amount than the value of public works and public utilities construction contracts.

Something of a forecast of improvement in residential construction is implied in the S. W. Straus & Company figures for building permits in March, which show an increase of 46% over February as compared with a normal expected increase between these two months of about 37%. These permits, which reflect in large part lighter types of residential construction, however, were still 54% below last March. According to the Straus index of building permits, adjusted for seasonal variations and normal growth, the volume of permits in March was still nearly 50% below normal, further below than at any time in the preceding seven years.

An Unemployment Census Flash

THE Census Bureau promises us early publication of the general results of the unemployment census which has been taken during this month. So far there have been only fragmentary indications of what it may show, and these have been issued with strong caution against misinterpretation. Nevertheless, the early results so far are a rather striking confirmation of other studies of unemployment that have been made. The first large group of figures, from Newark, New Jersey, showed that out of 255,088 persons enumerated, the number out of work was 15,367. Those counted at that time must have been about half the total population of Newark, and the unemployment figures may be taken as fairly representative. Since the ratio of the gainfully employed to the total population for the country as a whole is somewhat less than 40%, it is fair to take about 100,000 as the number of persons gainfully employed among the 255,000 of the total population counted in Newark. This would indicate an unemployment ratio of about 15%. Other local surveys mentioned in *The Business Week*, March 19, showed a ratio of from 10% to 12% unemployed among the wage earners in the families covered, including those unable to work or not looking for work. Since such persons are also covered in the Newark survey, the figures are fairly comparable and would suggest that at the beginning of April the proportion of unemployed was somewhat higher than normal.

Less Cash Going Round In Business

BUSINESS activity in the United States is at the lowest level since August, 1922 as indicated by currency in circulation. The total circulating March 29, latest week for which figures are available, is $4,505,000,000. At this point money being used to carry on business is $200 millions below that outstanding at the same time in 1929 and in 1928, $343 millions below 1927, $347 millions less than in 1926, $300 millions below 1925, $362 millions less than 1924, $215 millions less than 1923 and only $28 millions above the same period in 1922.

Currency circulation figures are a more useful financial indicator of the state of trade than volume of check payments. These latter are affected by non-trading factors, such as speculation, to a much greater extent than the actual volume of cash in use. The tendency to use less cash because of increasing use of checks has not been pronounced in recent years, although it was a factor giving downward bias to all circulation figures a few years ago.

Corporation Earnings Generally Lower

FIRST quarter corporation earnings statements now out show a decided downward tendency from the first quarter of 1929. Average of a number of the earliest statements showed a decline of 14.2%. The concerns included in the average were representative of a large number of fields.

The picture is not all bad, however. Some good increases have appeared already. General Foods Corp. earned $5,990,000 against $5,168,384 last year. Sheffield Steel showed $297,531 compared with $191,522, and Interlake Iron $764,906 against $501,880. Paramount–Famous Players–Lasky will show about $4,800,000 against $2,565,000 last year. Commonwealth Edison $5,120,866 against $4,941,782. Others showing increases include Otis Elevator, Chesapeake Corp., National Air Transport, Curtis Publishing Co., General Electric, Colorado Fuel and Iron, Wm. Wrigley and U. S. Leather.

Wiggin Is the Chase Bank And the Chase Is Wiggin

Business Is His Life and His Pleasure, But He's A Tough Opponent at Golf All the Same

ONCE upon a time, when vice-presidents of banks were less numerous than now, a young vice-president of the National Park Bank, New York, chose to run for president of the American Bankers Association. This candidate was in the middle thirties. Opposed to him was a western financial veteran. The young New Yorker lost. He alone was surprised at the result.

To the convention he must have seemed a youngster reaching for an honor beyond his years and attainments. Justification for his candidacy lay not in his record but in his potentialities. He felt sure then of powers which the banking world has since acknowledged.

Our disappointed candidate was Albert Henry Wiggin, head of the Chase National Bank, biggest in the world. It attains that awesome title through consolidation with the Equitable Trust Company and the smaller Interstate Trust Company. This spectacular nuptial rite was the last of a brilliant series which included last year that very same National Park Bank of which Mr. Wiggin was once vice-president. When the Chase-Equitable merger was announced last month, total resources, figured on statements of December 31, 1929, were $2,814,535,635.57. Since then the depression has subtracted the 57 cents and several hundred millions besides. But the figure is still a good two and a half billions and the bank is still well out in front.

He Is the Chase Bank

The Chase bank is Wiggin and Wiggin is the Chase. Since he became president in 1911 the institution has waxed phenomenally, through growth and mergers. Always the name has remained Chase National Bank, and always Albert Henry Wiggin has remained its overlord. He has often doffed old titles for new ones. In the last instance Mr. Wiggin becomes chairman of the Governing Board.

There is much of the Rockefeller power in the consolidated bank. Indeed, Winthrop W. Aldrich, president of the Equitable before and president of the new institution, is a brother-in-law of John D., Jr. Even the presence of a representative of the benevolent dynasty of the Rockefellers deceives no one as to what hand will guide the bank. The name is still Chase and its master is still Mr. Wiggin.

Already the biggest bank has taken on the faint air of sanctity characteristic of enterprises in which the Rockefellers have an interest. It is housed in a skyscraper at Nassau and Pine Streets.

When one enters the doors of J. P. Morgan & Co. one is immediately surrounded by gentlemen with wide hard jaws who seem to suspect designs on the cash vaults. In other banks there is an honest display of bravos with belted cartridges and ordnance. No such atmosphere mars the serenity of the main room of the Chase National.

At the top of the wide stairs the visitor is met by a grey haired giant in a blue uniform whose attitude is cordial almost to the point of affection. One is certain that some portion of the blue uniform covers a weapon but one is just as certain that if he were forced to pull it, he would be kindly and considerate about it.

He Grows Busier

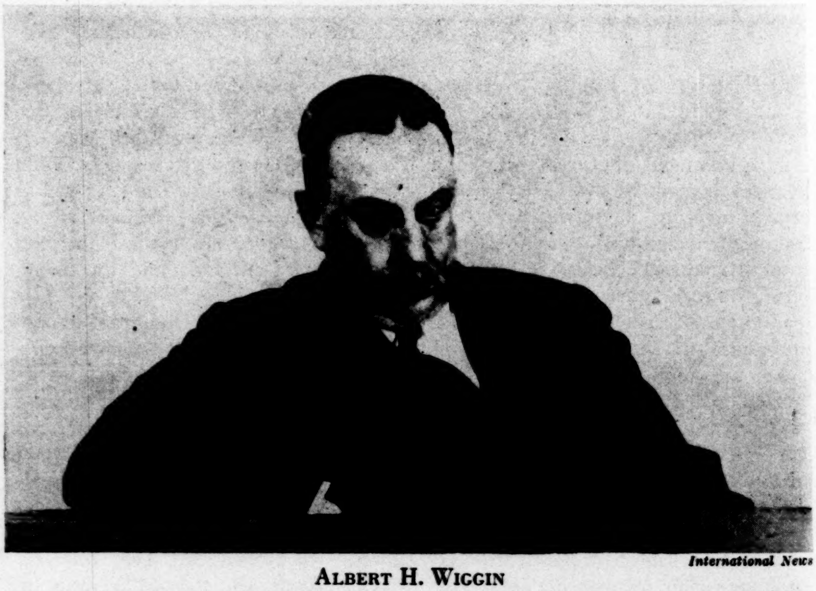
Mr. Wiggin's office is on the fourth floor, at the corner. He is of a formidable bulk and circumference. From where he sits he can look across the eaves of the Sub-Treasury building to the towering new offices of the Equitable Trust. There was a time when Mr. Wiggin was one of the most accessible bank executives in the district. Pressure of business and not change of heart has forced him to retire behind ranks of charming but alert sub-officials. (There must be an acre of vice-presidents inside the mahogany fence on the first floor.) To those hardy souls who penetrate to the corner office, Mr. Wiggin is as kindly and considerate as ever. But questions that waste time and lost motion in general are apt to rouse in him the gruffness of the traditional banker.

He is a very busy man who gets most of his enjoyment out of his work. Men who sit on directorates with Mr. Wiggin have never known him to tell a funny story or to deviate from the business at hand. In his own board meetings he will hear and accept suggestions, but his decisions are prompt and final.

High School Into Bank

Mr. Wiggin's father was a Unitarian minister of Medfield, Mass., and the banker remains in that faith.

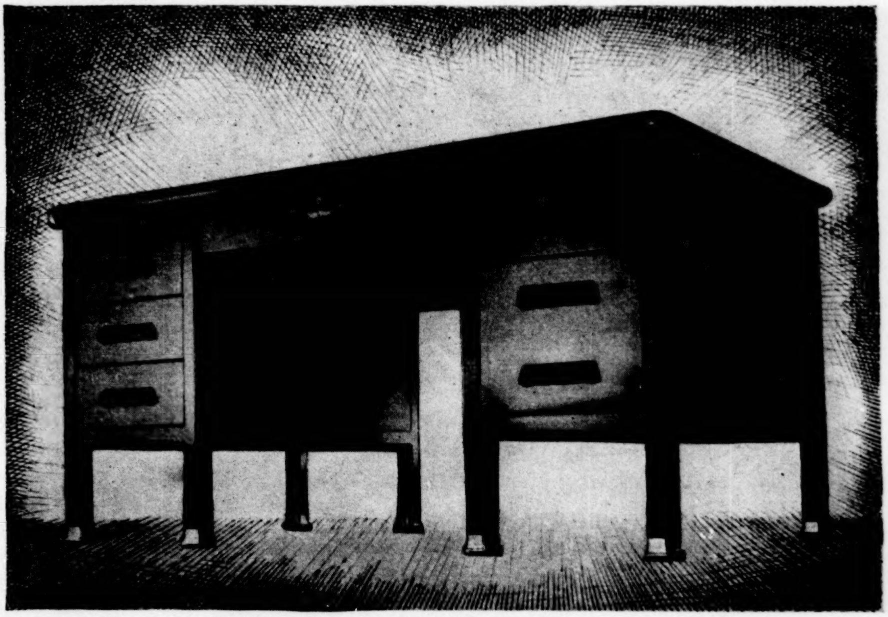
The banker is sixty-two years old. He went direct from high school to a clerkship in a Boston bank when he was seventeen. From that day he has never worked at anything but banking. Mr. Wiggin came to New York in 1899 as vice-president of the National Park Bank. At the age of 35 he was one of the organizers of the Bankers Trust Company, associating in that work with the elders of the financial world. He went to the Chase as



International News

ALBERT H. WIGGIN

The head of the world's biggest bank is not an easy man to photograph. This picture was snapped in court



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No wonder the Skyscraper Desk by Shaw-Walker was the sensation at the Business Show.

Every desk-interested person who saw it, whether office worker, executive, official, or professional man, admired the way in which it solves old-time desk problems.

It has a new kind of top—smooth and glove-like. No other desk can have it.

Each drawer is organized for the worker's special convenience. One drawer is your "waste basket." Another takes a flat-type interdepartmental telephone. Others hold trays for "In," "Out" and "Pending" mail. Others, special card files, visible indexes, pencils, pads, accessories, etc.

Call at the Shaw-Walker branch or dealer's in your city (consult your 'phone book) and see this new and up-to-minute Skyscraper Desk. Or fill out the coupon and pin it to your business letterhead and an illustrated catalogue will be sent you.

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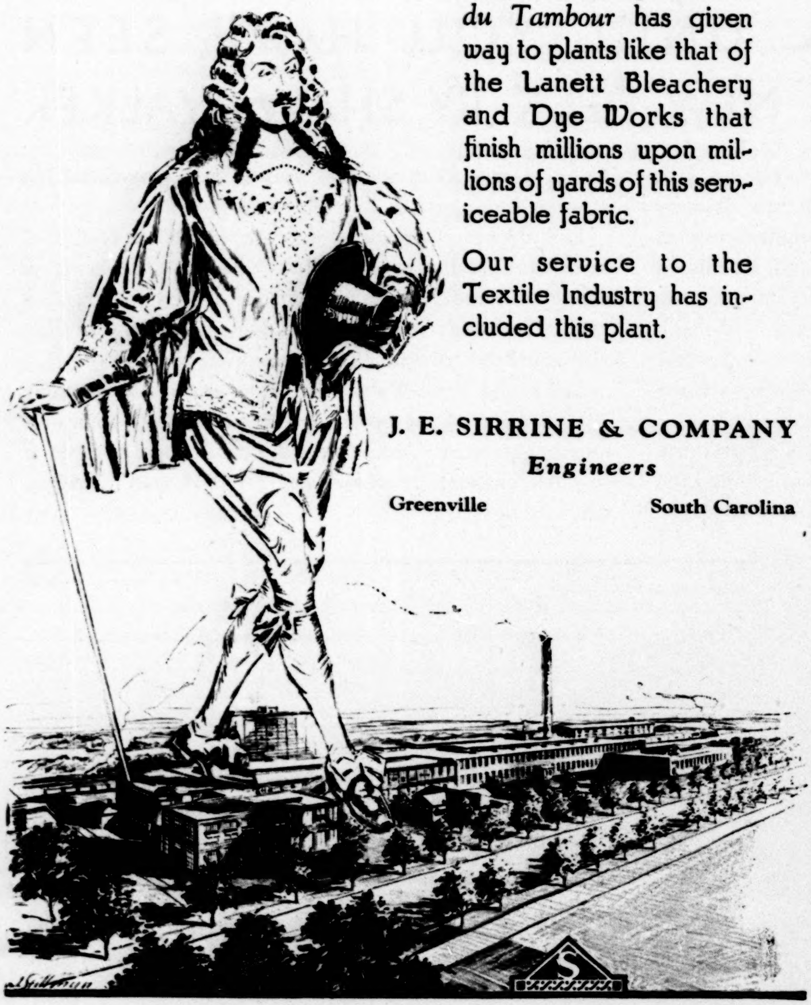
The fouragère, prized military emblem, and the corduroy suit of roistering boyhood are brothers of the same origin—the king's cord, *corde du roi*, token of regal authority and favor.

The fouragère was bestowed upon soldiers for distinguished courage. Corduroy came into being as the result of an order from a king of France to his clothmaker to produce a new fabric which should be woven to resemble the king's cord and be fit to clothe his body.

Time and democracy and modern methods put this stalwart fabric in the service of the masses. Today the clothmaker's shop in the forgotten *Rue du Tambour* has given way to plants like that of the Lanett Bleachery and Dye Works that finish millions upon millions of yards of this serviceable fabric.

Our service to the Textile Industry has included this plant.



J. E. SIRRINE & COMPANY
Engineers
Greenville South Carolina

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vice-president in 1904, and seven years later became president.

Associates say the one weak point in Mr. Wiggin's executive policy is that he does too much himself; he enjoys work so much that he is jealous of delegating his labors. Even bank heads are mortal. The ideal executive structure can lose any of its units and continue without faltering. Albert Henry Wiggin is too much the Chase National Bank. About him is plenty of talent, but he does not use it to the fullest.

Mr. Wiggin's outdoor diversion is golf. He plays in the nineties. The most disconcerting feature of his game is an ability to come through in a pinch. Associates tell of a famous contest when he took a considerable discount from par to make a birdie three and break a tie score. And another occasion on which a 25-foot putt shattered the morale of his opponents.

Years ago he guarded his physical resources in a more vigorous fashion. He was one of a select group of hikers who met every morning at 51st Street and Fifth Avenue and walked the four-and-a-quarter miles to Wall Street offices. Other stalwarts were Gates McGarrah, now chairman of the board of the Bank for International Settlements, and the late Henry P. Davison, of Morgan & Co. Usually they were saluted by the younger Rockefeller driving a high-stepper to a smart trap.

He Buys Etchings

Lately Mr. Wiggin has "gone in for" etchings. It is significant that his favorite plates depict scenes in the financial district—especially those compositions in which the Chase Bank is prominent.

Men who attain high place from small beginnings are pardonably vain about it. Perhaps it is no mere coincidence that most of Mr. Wiggin's associated officers are men who have hammered out their own careers. Only Mr. Aldrich, the president, began banking at the top.

John McHugh, chairman of the Executive Committee, born in Canada, was left an orphan as a young child. His first job was on the Grand Trunk Railway and paid him $10 a month. Charles S. McCain, who will be chairman of the Board of Directors, began his banking career in an Arkansas town that has the incredible name of McGehee. With $1,000 capital he started a bank in a roped-off section of a country store. During the day he carried the money in his pocket; at night he hid it in the store's sugar barrel. Robert L. Clarkson, vice-chairman of the Board of Directors, began as a runner for a brokerage house, salary $4 a week.

New R. C. A. Set-up First Step In Era of Great Development

It Marks Transition from Communications Field to Concentration on Home and Public Entertainment

Radio Corporation of America, creation of the electric manufacturing companies, next month will enter upon a new era in its brief but meteoric career.

Reorganization at that time will mark the next-to-final step in the company's development from an enterprise specializing in international and maritime communications to one almost entirely devoted to manufacture and distribution of equipment used in various forms of home and public entertainment. The change-over would be complete should the sale of R. C. A. communications business to the International Telephone and Telegraph Corporation (now before the Senate Committee on Interstate Commerce) be effected.

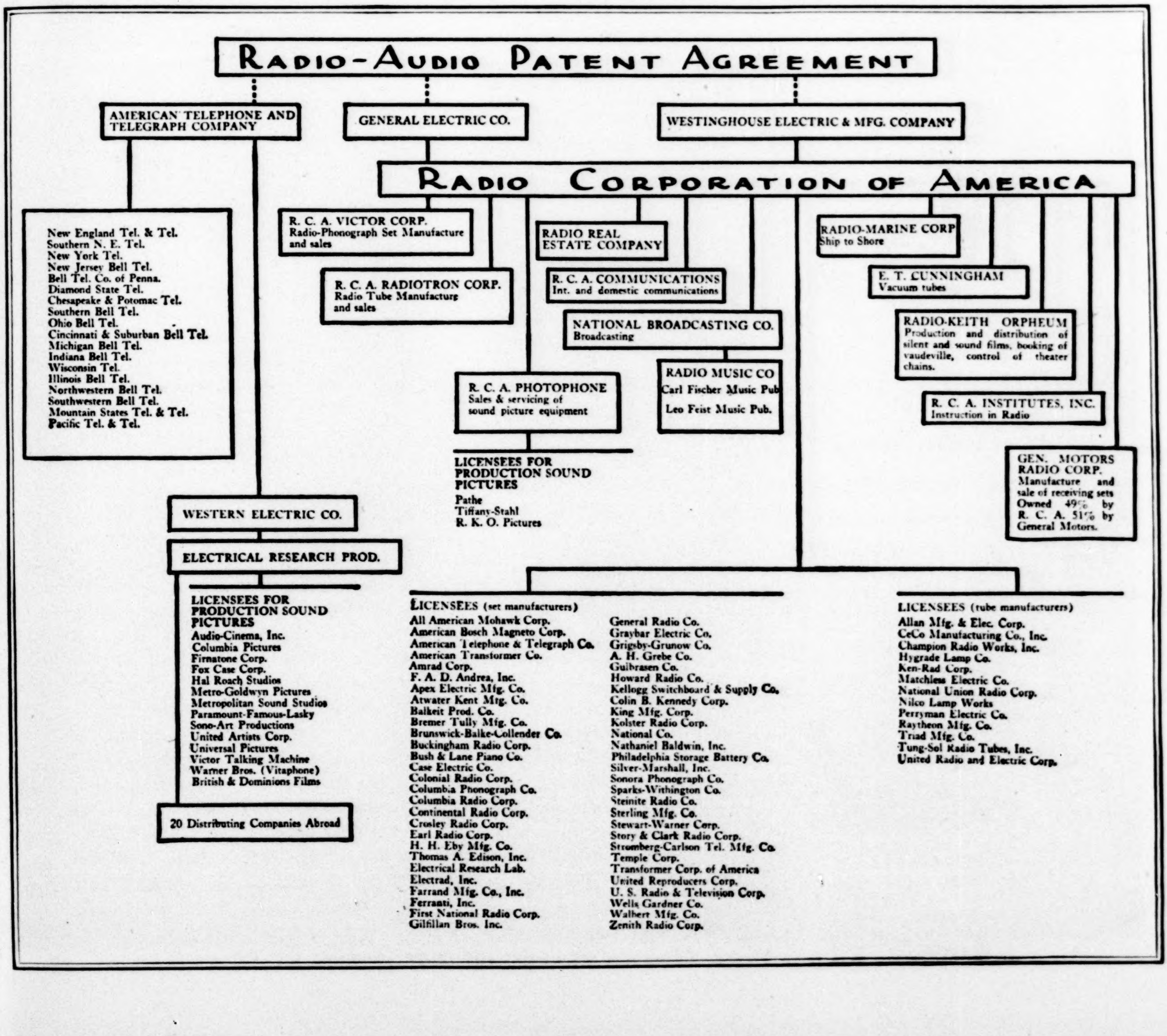
R. C. A., in addition to manufacturing radio receiving sets, tubes, and phonographs and participating in radio broadcasting, will cultivate intensively, through subsidiaries, shown in the accompanying chart, the fields of sound pictures (both production and distribution of films and theater equipment), acquisition and operation of theaters, and even music publishing.

The proposed reorganization is in the nature of an adjustment of control, management, and set-up, to comply with this amazing growth along lines not foreseen when the original R. C. A. was conceived.

Special emphasis, it is believed, will be placed on the sound picture field through the R. C. A. Photophone and Radio-Keith-Orpheum, the former handling sales and servicing of sound picture equipment, the latter, production and distribution of sound films together with acquisition and operation of theater chains. Indeed, R. K. O. now controls 250 theaters.

The present sound picture field: theaters in U. S. now equipped for sound, 9,500; estimated number to be equipped this year, 5,000; sound theaters in Europe, 2,500; total sales of sound equipment 1929, $125,000,000.

Western Electric, through subsidiary, Electrical Research Products, Inc. (see accompanying chart) now dominates the field in this country. About 90% of sound pictures made are recorded on W. E. devices, while about 50% of the theaters use W. E. equipment. R. C. A. now divides with 20 companies the remainder of studio recording devices used in this country, and will now attempt to increase its percentage of both the studio


RADIO-AUDIO PATENT AGREEMENT
AMERICAN TELEPHONE AND TELEGRAPH COMPANY
GENERAL ELECTRIC CO.
WESTINGHOUSE ELECTRIC & MFG. COMPANY
RADIO CORPORATION OF AMERICA
New England Tel. & Tel.
Southern N. E. Tel.
New York Tel.
New Jersey Bell Tel.
Bell Tel. Co. of Penna.
Diamond State Tel.
Chesapeake & Potomac Tel.
Southern Bell Tel.
Ohio Bell Tel.
Cincinnati & Suburban Bell Tel.
Michigan Bell Tel.
Indiana Bell Tel.
Wisconsin Tel.
Illinois Bell Tel.
Northwestern Bell Tel.
Southwestern Bell Tel.
Mountain States Tel. & Tel.
Pacific Tel. & Tel.
R. C. A. VICTOR CORP. Radio-Phonograph Set Manufacture and sales
R. C. A. RADIOTRON CORP. Radio Tube Manufacture and sales
RADIO REAL ESTATE COMPANY
R. C. A. COMMUNICATIONS Int. and domestic communications
NATIONAL BROADCASTING CO. Broadcasting
RADIO MUSIC CO Carl Fischer Music Pub Leo Feist Music Pub.
R. C. A. PHOTOPHONE Sales & servicing of sound picture equipment
LICENSEES FOR PRODUCTION SOUND PICTURES
Pathe
Tiffany-Stahl
R. K. O. Pictures
RADIO-MARINE CORP Ship to Shore
E. T. CUNNINGHAM Vacuum tubes
RADIO-KEITH ORPHEUM Production and distribution of silent and sound films, booking of vaudeville, control of theater chains.
R. C. A. INSTITUTES, INC. Instruction in Radio
GEN. MOTORS RADIO CORP. Manufacture and sale of receiving sets Owned 49% by R. C. A. 51% by General Motors.
WESTERN ELECTRIC CO.
ELECTRICAL RESEARCH PROD.
LICENSEES FOR PRODUCTION SOUND PICTURES
Audio-Cinema, Inc.
Columbia Pictures
Firnatone Corp.
Fox Case Corp.
Hal Roach Studios
Metro-Goldwyn Pictures
Metropolitan Sound Studios
Paramount-Famous-Lasky
Sono-Art Productions
United Artists Corp.
Universal Pictures
Victor Talking Machine
Warner Bros. (Vitaphone)
British & Dominions Films
20 Distributing Companies Abroad
LICENSEES (set manufacturers)
All American Mohawk Corp.
American Bosch Magneto Corp.
American Telephone & Telegraph Co.
American Transformer Co.
Amrad Corp.
F. A. D. Andrea, Inc.
Apex Electric Mfg. Co.
Atwater Kent Mfg. Co.
Balkeit Prod. Co.
Bremer Tully Mfg. Co.
Brunswick-Balke-Collender Co.
Buckingham Radio Corp.
Bush & Lane Piano Co.
Case Electric Co.
Colonial Radio Corp.
Columbia Phonograph Co.
Columbia Radio Corp.
Continental Radio Corp.
Crosley Radio Corp.
Earl Radio Corp.
H. H. Eby Mfg. Co.
Thomas A. Edison, Inc.
Electrical Research Lab.
Electrad, Inc.
Farrand Mfg. Co., Inc.
Ferranti, Inc.
First National Radio Corp.
Gilfillan Bros. Inc.
General Radio Co.
Graybar Electric Co.
Grigsby-Grunow Co.
A. H. Grebe Co.
Gulbrasen Co.
Howard Radio Co.
Kellogg Switchboard & Supply Co.
Colin B. Kennedy Corp.
King Mfg. Corp.
Kolster Radio Corp.
National Co.
Nathaniel Baldwin, Inc.
Philadelphia Storage Battery Co.
Silver-Marshall, Inc.
Sonora Phonograph Co.
Sparks-Withington Co.
Steinite Radio Co.
Sterling Mfg. Co.
Stewart-Warner Corp.
Story & Clark Radio Corp.
Stromberg-Carlson Tel. Mfg. Co.
Temple Corp.
Transformer Corp. of America
United Reproducers Corp.
U. S. Radio & Television Corp.
Wells Gardner Co.
Walbert Mfg. Co.
Zenith Radio Corp.
LICENSEES (tube manufacturers)
Allan Mfg. & Elec. Corp.
CeCo Manufacturing Co., Inc.
Champion Radio Works, Inc.
Hygrade Lamp Co.
Ken-Rad Corp.
Matchless Electric Co.
National Union Radio Corp.
Nilco Lamp Works
Perryman Electric Co.
Raytheon Mfg. Co.
Triad Mfg. Co.
Tung-Sol Radio Tubes, Inc.
United Radio and Electric Corp.

recording and theater equipment business.

The foreign field is not yet controlled by any one company although W. E. so far leads in installations of theater equipment. As R. C. A. steps more actively into the picture, there is a lull in the bargaining of American producers of talkies and equipment as a result of the trend of events at home. Warner Brothers, licensee of Western Electric, have announced agreement with Tobis-Klangfilm, Germany's foremost producer of talkie equipment and talking films, but competitors say it is not the plum the world believed it to be. Germany's most powerful group is small when compared with American interests, is reputed to have only 225 major installations in Germany (listed in Germany as 405 "installed or contracted") compared, for example, with talkie installations in the U. S. which now exceed 9,500, and American apparatus in various parts of the world which now exceeds 2,500. Further, Tobis-Klangfilm, through its subsidiaries in Amsterdam, London, and Paris, controls only an additional 40 or 50 theaters.

Effect on Foreign Market

Variety, smart and inquisitive theater paper, foresees a tieup abroad between the R. C. A. group and Warner Brothers through the extensive holdings of both these stocks by John J. Raskob. The result might mean competition in various European markets between the two large United States companies, though American business methods almost surely would bring about at once an amicable and profitable adjustment in the European market, probably with an interchange of talking films.

On the other hand recent departure of Adolph Zukor for Europe emphasizes the importance of the European market as an outlet for American productions. It is known that Mr. Zukor will represent especially the six principal Western Electric licenses—Paramount, United Artists, M-G-M, Fox, Universal, and Columbia—in their effort to arrange for theater showings of their productions in Germany, perhaps over new grants for American equipment installations, probably through some new arrangement to use German apparatus.

Most recently, Warners have announced acquisition of the Nakken Patents Corporation, which gives them control of more than 50 patents important in the field of radio broadcasting, talking motion pictures, television and wire and radio transmission of reproduction. Observers see in this and other recent moves by Warners, indications of a widening breach with Electrical Research Products, Inc.

The story of R. C. A. begins way back in October, 1919, when R. C. A. was caused to be formed by the General Electric Company "to send and receive signals, messages and communications," and equipped with broad powers.

Communications First

According to a report of the Federal Trade Commission in 1923, the formation of the company followed a conference between Rear Admiral William H. G. Bullard, director of communications of the United States Navy, and officials of the General Electric Company, "not to make it impossible to establish an American radio communication company powerful enough to meet competition of foreign radio interests." British Marconi Company at the time was trying to get exclusive rights to the Alexanderson equipment, important to radio communications.

After the company was formed, its capital was increased and common and preferred shares were turned over to General Electric, Westinghouse, American Telephone & Telegraph, and United Fruit to compensate them for their contributions of patents. The telephone company sold all its interest, consisting of 400,000 preferred shares, in 1922, and United Fruit later dropped out of the new company.

In the first two years after R. C. A. was formed its operations consisted of supplying radio apparatus to ships and maintaining communication service between such ships and between such ships and the shore; a transoceanic radio communications service, and the sale of component parts used by amateurs and experimenters in assembling radio sets.

Spread Out in 1922

Early in 1922 the corporation began the sale of complete radio sets and since that time this business has grown by leaps and bounds, with the later additions of varied by-products. A large minority interest in the Radio-Keith-Orpheum Corporation was acquired upon the formation of the latter company to participate in the moving picture and theatrical business. Affiliated organizations to operate in broadcasting sound film and other fields were also created, then fifteen months ago the purchase of the Victor Talking Machine Company, with its distributing and manufacturing organization and exclusive music copyrights and contracts with leading artists, rounded out the group.

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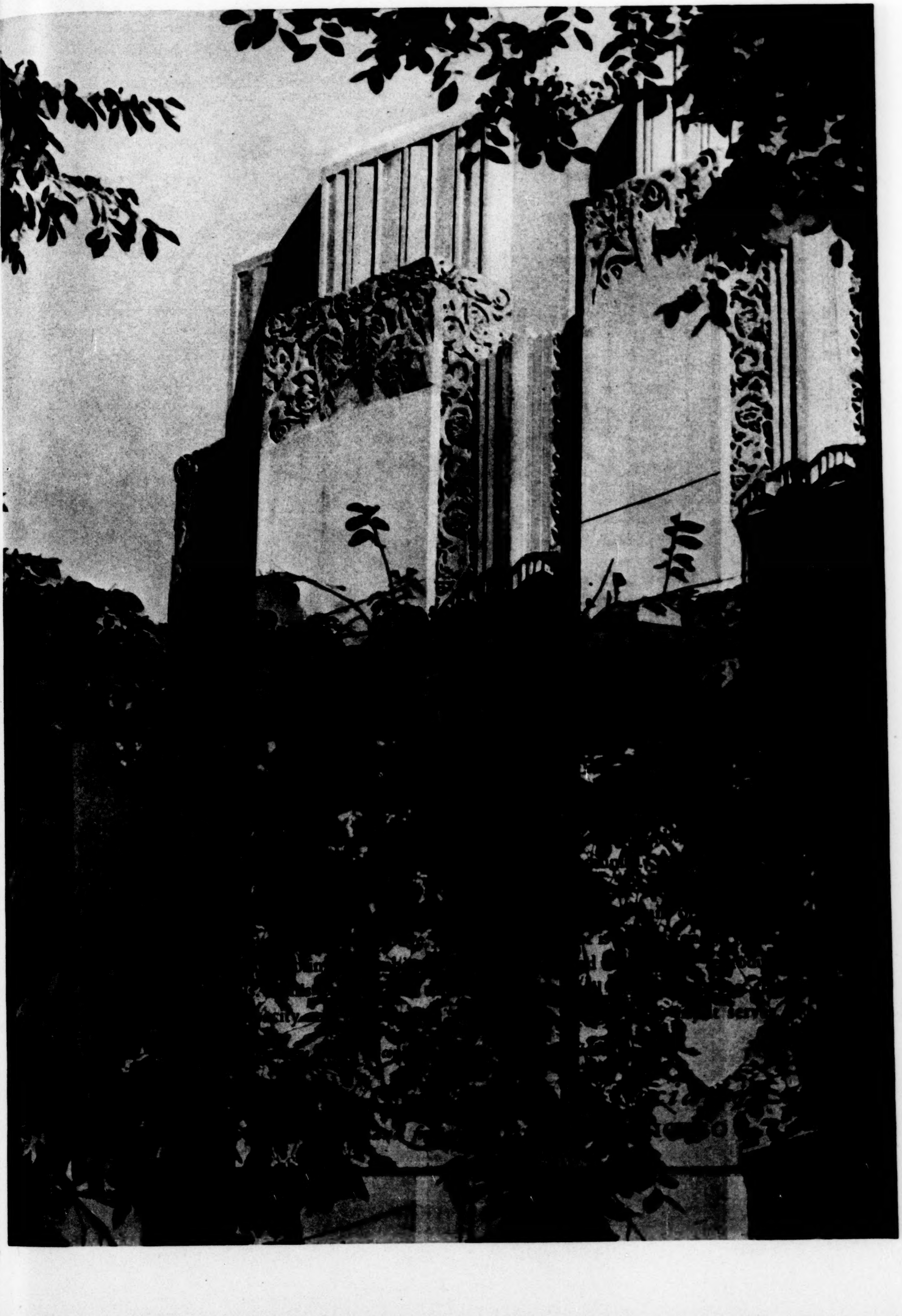
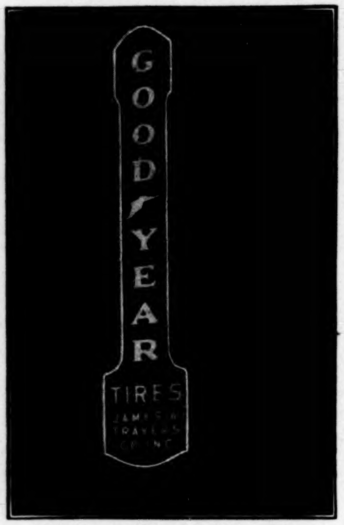


FOR REACHING *More* New CUSTOMERS



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TO your window displays can be drawn many new potential customers if a modern electric sign flashes your *location* and *service* to the distant as well as the passing throng.

The sales pulling power of a Flexlume electric is not accidental—*rather*, the product of 20-years' sign specialization . . . combining advertising thought . . . fine design . . . superior construction . . . and the right combination of colorfulness and illumination.

Follow up your decision to increase 1930 sales by consulting a Flexlume representative. Backed by the largest plants in the world devoted exclusively to electrical advertising, you will find his suggestions of value.

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ADVERTISING

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SALES AND SERVICE OFFICES IN CHIEF CITIES OF U S AND CANADA

Senate Credit Inquiry Will Cover Broad Field

THE Senate banking and currency committee is getting ready to investigate credit conditions. Senator Carter Glass' lengthy resolution was reported out favorably and the Senate is expected to authorize the committee to go ahead. The investigation will be broad in scope, while House action is limited to banking organization. Though legislation is unlikely for from one to three years, the eventual result of the inquiry will probably be conservative amendment of the Federal Reserve Act.

Senator Glass, former Secretary of Treasury and one of the authors to the Federal Reserve Act, will dominate the hearings. Federal Reserve policies, with especial attention to speculation and business uses of credit, will hold the limelight. Glass is thorough, knows more finance than any of his colleagues, and will get much closer to the root of matters than Mr. McFadden's wandering House committee.

The Senate committee, as at present constituted, contains only 6 members who have had banking or financial training. This is about one-third of its membership. The remaining two-thirds is made up largely of lawyers.

Participation of Dwight W. Morrow, formerly of J. P. Morgan & Co., in these hearings is an interesting possibility. Mr. Morrow will enter the Senate by appointment from New Jersey. His presence would add another informed member to the committee.

Youngstown Elects Eaton; He'll Sue Just the Same

WHAT may have been the last stockholders' meeting of Youngstown Sheet & Tube Co. was held Tuesday. Important developments were the re-election of old officers and the election of Cyrus Eaton and 2 of his associates to the board of directors. With S. Livingston Mather, friendly to Eaton, the latter now has 4 of Sheet & Tube's 12 directors.

No action was taken on the merger with Bethlehem which has been disrupting the peace of the Mahoning Valley for several months. Directly after the meeting, however, Eaton indicated that suit would be filed at once challenging the legality of the merger, thus setting at rest, for the present at least, rumors of an arrangement by which Eaton's opposition to the merger would be withdrawn.

With his activities in steel somewhat lessened, Eaton may now turn to a consolidation of his rubber interests which have been growing rapidly. Interests affiliated with him are reported in control of Goodyear Tire & Rubber Co. The presence of Otis & Co. at the head of the syndicate which underwrote the $60,000,000 stock issue of Firestone Tire & Rubber Co. last fall, indicates that Eaton has his fingers in this company also. This week B. F. Goodrich announces issuance of a $30,000,000 loan which has been underwritten by a syndicate again headed by Otis & Co. In addition the new Goodrich directorate contains several names associated with Eaton interests.

No definite information is available concerning future Eaton activities in this field.

Canada's Trade Balance Hit by Wheat Tie-up

THE cost of Canada's adventure in wheat can now be told. Figures just out show that the Dominion's favorable trade balance of $98 millions for the fiscal year ended March 31, 1929, had been converted to an unfavorable one of $129 millions by the time the books were closed on March 31 last. The difference of $227 millions can be charged almost entirely to the effect of the wheat pool policy. It approximates the amount of the year's decrease in wheat and wheat flour exports—$232 millions, of which $212 millions was in wheat, $19 millions in flour.

The total decrease in exports of Canadian products was $243 millions. Products other than wheat and wheat flour which showed a falling off in exports were furs, $6 millions; meats, $4 millions; cheese, $6 millions; automobiles, $5 millions. Exports of newsprint increased $3 millions, copper $10 millions, and nickel nearly $2 millions.

Total imports to Canada decreased from $1,265 millions to $1,249 millions for the year.

Hotels Are Quiet

WE usually measure business fluctuations by changes in production and sales of commodities; but the sale of service also feels these fluctuations. The hotel business is a particularly interesting indicator of business conditions, although its interpretation is not simple. Total hotel sales, including room and restaurant services, in March were 5% below last year, and 68% of the hotels reporting to the Hotel Association reported decreases.

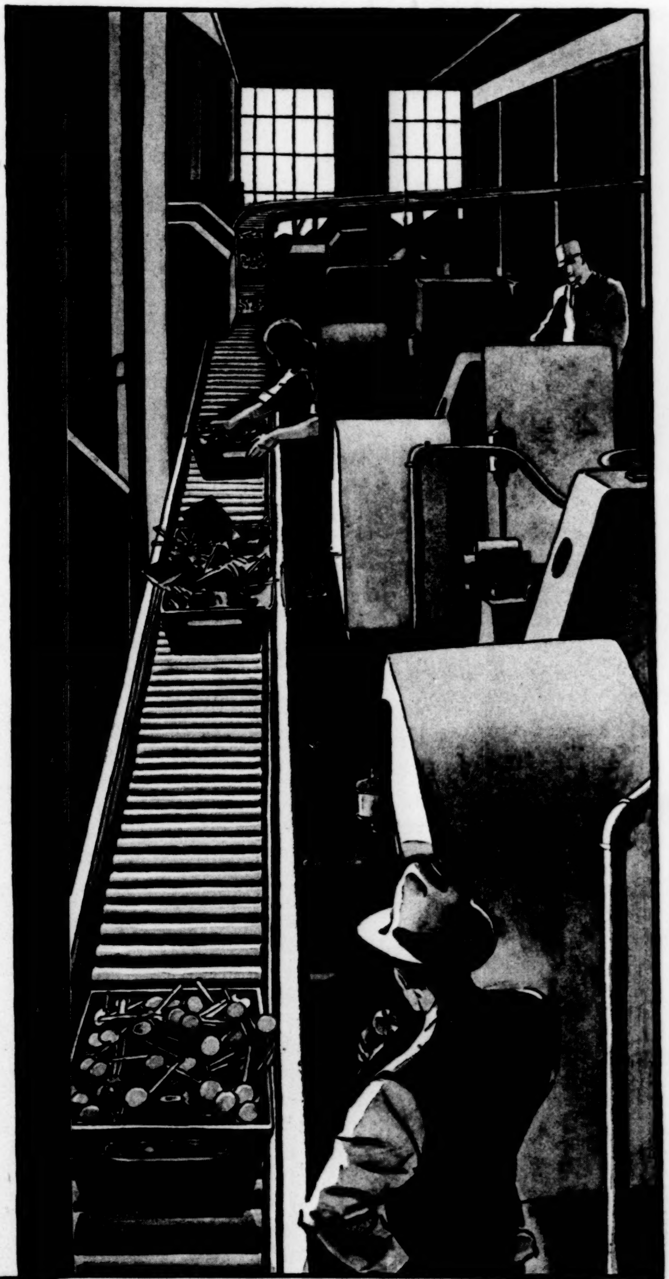
Men on the job say . . . .

"MATHEWS ARE FINE CONVEYERS"

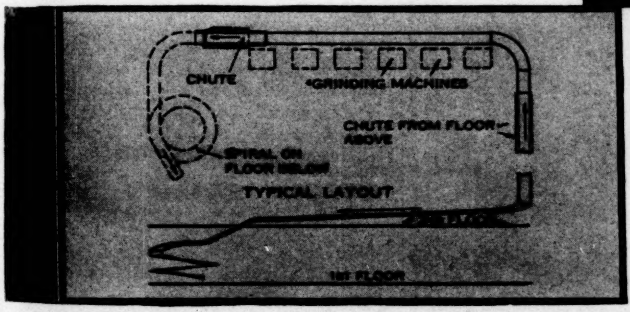
LISTEN when workers speak of shop equipment . . . . consider the frank opinions that grow from their daily labors. It's generous praise or rank condemnation, for there's no "half-way" in performance.

You will find that men along the production line appreciate a Mathews Conveyer System quite as much as general manager or treasurer in the front office. To workers, a Mathews means elimination of back-breaking labor . . . more opportunity to use hands and brains . . . greater possibilities of increased earnings. To executives, it means a definite route for production, so carefully engineered that not a moment is wasted . . . not a penny squandered in the handling process.

Men on the job say: "Mathews are fine conveyers" . . . men behind the managerial desks concur . . . . and Mathews Conveyer Systems are installed wherever there is need of the best in handling equipment.



Mathews Gravity Roller Conveyer in plant of Thompson Products Co., Cleveland



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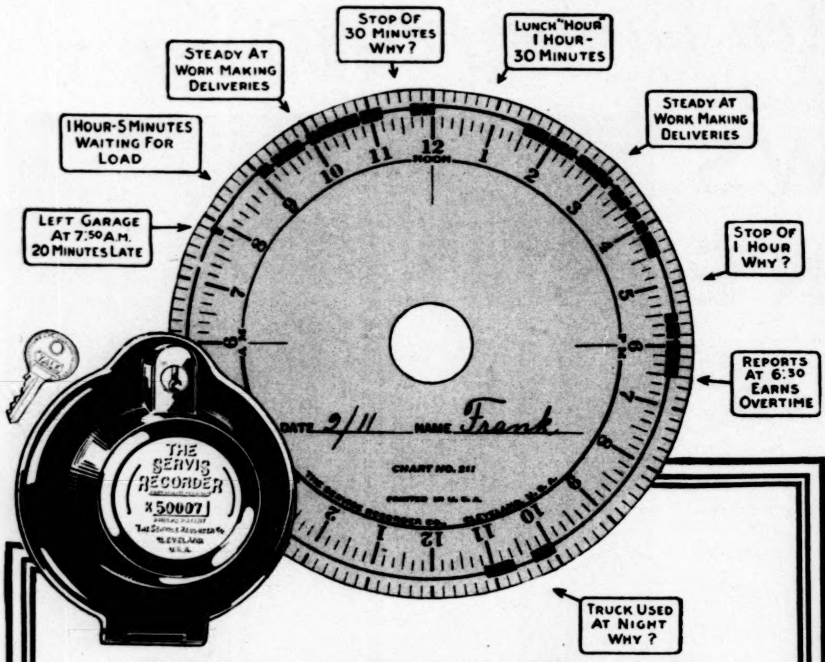
Mathews Conveyer Company, Limited, Port Hope, Ontario


STEADY AT WORK MAKING DELIVERIES
STOP OF 30 MINUTES WHY?
LUNCH "HOUR" 1 HOUR - 30 MINUTES
STEADY AT WORK MAKING DELIVERIES
1 HOUR-5 MINUTES WAITING FOR LOAD
LEFT GARAGE AT 7:50 A.M. 20 MINUTES LATE
STOP OF 1 HOUR WHY?
REPORTS AT 6:30 EARNS OVERTIME
TRUCK USED AT NIGHT WHY?
DATE 2/11 NAME Frank
CHART NO. 211
THE SERVIS RECORDER X 50007

What's Your Truck Doing All Day?

The Servis Recorder Tells You at a Glance

This little device prints the whole story on a chart—or rather, the motor truck itself "writes" its own story.

Not a mass of figures, but just simple "blocks" on the chart showing when the truck was busy, and blank spaces in between showing when the truck was idle. Simple, isn't it?

This chart laid on your desk the next morning tells you *all you need to know* about what your truck did the day before.

The Servis Recorder is Not a New Thing.

Close to 50,000 motor trucks are equipped with it already. Our list of users reads like a "blue book" of American business.

But what about *you?* Have you seen the whole story? *It's dead easy to save at least $500 per year per truck!* Or, it's even easier to let things go on as they are. Except for that handwriting on the wall, which says, "You can't afford *not* to cut costs." That truck problem "out back," that's always on your mind, do you know it's possible to settle it for good? Use the coupon and send for the whole story today!

The Service Recorder Co.,
Hanna Bldg., Cleveland, Ohio.

Write for it Today

Ten Ways of Getting More Work Out of Motor Trucks

THE SERVICE RECORDER CO.,
Hanna Bldg., Cleveland, Ohio.

Please send us, without obligation, "Ten Ways of Getting More Work Out of Motor Trucks."

Company ....
Attention of ....
Street ....
Town .... State ....

THE SERVIS RECORDER
"Keeps Trucks Busy"

Wide Reading

CENTRAL BUYING BY DEPARTMENT STORE MERGERS. David R. Falk. *Harvard Business Review,* April. Extent of central buying, methods employed, advantages and disadvantages.

THE GREAT LOBBY HUNT. Frank R. Kent. *Scribner's,* May. Highly interesting implications behind the news.

EUROPE ALSO EXPORTS. F. M. Mansfield. *American Machinist,* April 17. Distribution and value of European machinery and tools among the chief European countries. Competition for American machine tool exporter.

THE U. S. OF EUROPE. Frank Bohn. *Forum,* May. All the world grouped in seven "United States"; Western Europe is next, with Russia and Latin America already molding.

THE LANCASHIRE COTTON CORPORATION AND ITS EFFECT ON WORLD COMPETITION. J. Wisselink. *Harvard Business Review,* April. Possibilities in a great vertical trust in the British cotton industry.

QUEBEC'S MINIATURE CHAIN OF BANKS. Rolf Nugent. *American Bankers Association Journal,* April. 183 small local cooperative banks succeed.

"TALKIES" THE NEW SALES ACCELERATOR. *System,* May. Evidences of their value to Armour and Chevrolet.

PACKAGED MEATS. Lawrence M. Hughes. *Sales Management,* April 12. Bohack stores feature new packaging; production methods.

SELECTING A FOOD BROKER. H. A. Haring. *Advertising & Selling,* April 16. Some yardsticks by which the manufacturer can measure his man.

BANKING IN THE SOVIET UNION. *American Bankers Association Journal,* April. Russia can't get along without banks; now has 20,630 units.

FREEDOM FOR THE AGED. Abraham Epstein. *New Republic,* April 23. Survey of old age pension systems at home and abroad.

LET'S WORK IN THE COUNTRY! Stuart Chase. *Forum,* May. Decentralization has gone so far that statistics from widespread areas reflect it.

THE ECONOMIC DESIGN OF OFFICE BUILDINGS. R. H. Shreve. *Architectural Record,* April. Observations of progress in skyscraper construction in the last decade.

ARE FOREIGN SECURITIES UNDERVALUED IN THE AMERICAN MARKET? George Muchnic. *Harvard Business Review,* April. Analysis of contention that American investors are overly conservative in their attitude toward foreign offerings.

BOOKS

THE SKYSCRAPER—A STUDY OF ECONOMIC HEIGHT OF MODERN OFFICE BUILDINGS. W. C. Clark and J. L. Kingston. American Institute of Steel Construction, 164 pp. An apologetic for any and all ills which have been blamed upon tall buildings.

CO-OPERATIVE RETAIL BUYING ASSOCIATIONS. Wilford L. White. McGraw-Hill, 207 pp., $3. Another example of a type of organization whose success depends on the quality of its management. At present, seems likely to be superseded by wholesalers who take individual retail stores as members.

France, Now Wealthy, Makes Taxes Lower, But Not Fewer

New Bills Which Call for Cut of $75 Millions Do Little to Simplify Present Complications

AMERICANS in Paris have not failed to appreciate the significance of the French tax reductions bill which came to Parliament immediately the budget was passed. Nor do they minimize efforts of French bankers to remake Paris into a first-class world financial market. Yet, in the excitement of last week's passage of the country's largest budget and the prospect of tax reductions of $75 millions, only a few have arrived at any but the popular conclusions.

Two observations from *The Business Week's* Paris correspondent reflect the trend of thinking of business men most intimately acquainted with French domestic trends. The first: While the proposed tax reductions will reduce effectively many of the heavy taxes on trade, they still fail to simplify fully the French tax complexity constantly encountered by trade and finance. The old special qualifications and differentiations, and the authority of collectors to make arbitrary evaluations, are not abolished. Only a part of the old taxation deadweight is removed.

A Provincial Temperament

From the international viewpoint, both the French tax liability and tax complexity, while reduced, remain incomparably higher than in other world markets. Even given taxation equality, it will be difficult to adapt the strongly provincial French temperament to dispassionate worldwide financial operations. Historically, French capital has followed foreign political interest and policies rather than neutral advantages. Bankers point to the heavy prewar investments in Russia, the Near East, and the colonies. Despite the sorry losses in these regions as a result of the war and of revolution, foreign bankers in Paris see the direction of French financial interest returning to these channels.

As a result, they predict that the ultimate effect will scarcely influence the intercontinental operations centering in London, New York, and Amsterdam. Rather it will primarily stimulate the French financial penetration along lines of French postwar political alliances, chiefly in Central and Eastern Europe, including Poland, Czechoslovakia, and Jugoslavia, and accentuating competition only so far as the United States and British interests are concerned in these and similar territories. Though tax reductions are expected to bring considerable stimulus to domestic activity, abroad they will merely better the instrument of French foreign policies.

Several details of the tax reduction bill will interest American business. Since March, 1929, tax rates, primarily on real estate, sales, and luxuries, have been cut $167 millions. The new bill will slash another $75 millions, particularly on trade and financing operations. As important to business as the tax cuts will be the removal of numerous encumbrances on stock and money market activities. Domestic companies will pay only a 16% tax on dividends and bond interest, compared with the former 18%; to attract foreign investments the tax on foreign dividends and bond interest will be cut from 25% to 18%. The transmission tax is reduced from 4 to 2½ francs per thousand.

Pacific & Atlantic

FINANCE MINISTER
Paul Reynaud aims to reduce securities taxes in move to make Paris a world financial center

At no time since the war has France been in an equally favorable position to wipe out the cumulative growth of emergency postwar taxation and reestablish normalcy. Notwithstanding the steady increase of expenditure, tax revenues in the last 3 years plus reparations, have yielded striking surpluses. At present, treasury foreign reserves are nearly $800 millions, while Bank of France foreign reserves exceed $1 billion.

Huge Gold Reserve

France has a gold reserve 230% greater than in 1926, amounting to $42.50 per capita, some $10 above the per capita reserve of the United States.

Whence came this vast wealth which made France, at the close of business in 1929, one of the richest nations on the globe? Briefly, it came, for the most part, from the old family sock, into which France dipped after the war with Germany in 1870 and astounded the world by paying off in 3 years the huge indemnity of 5,000,000,000 francs, gold, which Bismarck had levied upon her. The wealth of France suddenly became visible and concentrated then; it is even more visible and more concentrated today in the organization of finance, trade, and industry.

Hoards Emerge

Hoards which were sent into hiding during the World War, and afterward when depreciation threatened, have ventured into the open. Taxes and domestic investments have mobilized them. France is not only rich, but is enjoying the prosperity that comes from not only having but using money. Her present position is in striking contrast to that of 4 years ago, when only a major operation saved the franc from following the German mark and the Austrian crown down the toboggan, and when she persuaded the United States that she could pay none of her war debt and less than half of the debt that arose after the war.

Four years ago the gold reserve of the Bank of France was $720,000,000. Now it is $1,664,000,000. Four years ago the bank held no foreign exchange. Now it has a separate reserve of foreign exchange amounting to $1,000,000,000, about 100% combined gold and exchange coverage for the 67,000,000,000 francs now in circulation. This is the highest cover-ratio of any currency in the world; and the discount rate of the

Executives are usually pretty shrewd judges of the relative importance of details. That's probably why so many of them specify Crane's Bond for their executive letterheads.

CRANE'S
BOND
for Executive letterheads and envelopes

Crane's Bond is a 100% new white rag paper. Its crisp, distinctive sturdiness builds sound prestige and good will for you with every letter you send out. In view of this, doesn't a very slight extra cost seem pretty unimportant?

CRANE & CO., Inc.
DALTON, MASSACHUSETTS

Bank of France, 3%, is the lowest. And, finally, 4 years ago the French Treasury was empty and borrowing from the bank to meet current needs. Now the treasury has a surplus balance of $725,000,000, and the budget for 1930, after allowing $120,000,000 for reduced taxation, foresees additional surplus of $13,000,000.

Along with this remarkable expansion of visible wealth, France has managed a reduction of 10% in her domestic debt. Today, 80% of the $11,000,000,000 which the French government owes its citizens has been placed on a comfortable, long-term bonded basis. And now comes the Young Plan to put France's external debt, some $3,000,000,000, on a self-liquidating basis, an arrangement whereby annuities from Germany to France not only pay off the sums due from France to England and the United States, but leave the comfortable surplus of $100,000,000 annually for 37 years.

Industry Leaps Ahead

Meanwhile French industry has been progressing. Some of its accomplishments in 1929 were:

Produced 50,000,000 tons of coal, as compared with 44,000,000 for the same area in 1913.

Produced 10,500,000 tons of iron and 9,500,000 tons of steel, as compared with 9,000,000 and 7,000,000, respectively, in 1913.

Produced 260,000 automobiles, compared with 45,000 in 1913.

All other major industries, excepting textiles, showed substantial increases.

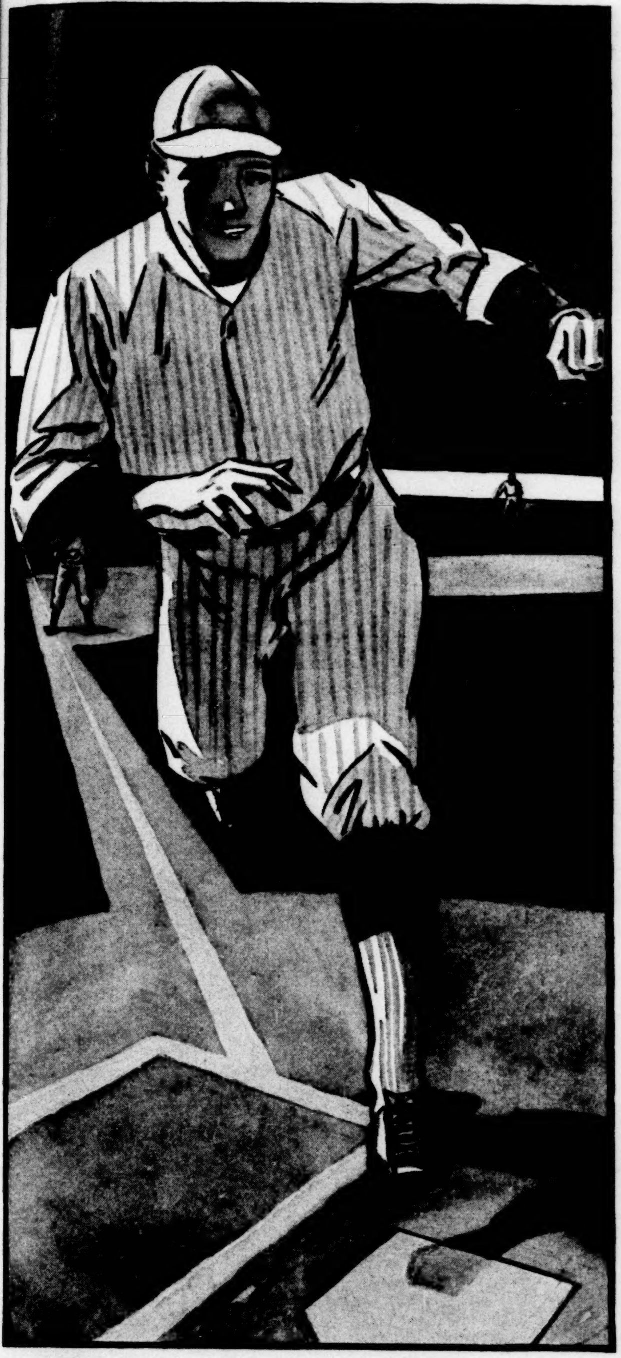
In 1926 France had 17,000 unemployed persons; the year 1929 closed with only 817 persons on the unemployed registers, and with some branches of production declining orders for lack of qualified labor.

Striking Contrasts

Compare this situation with that in Germany, where 2,200,000 receive unemployment doles, or England with 1,500,000 unemployed, or little Austria, with 300,000 out of a total population of 6,500,000! Or even the United States.

In the last analysis, of course, the source of French wealth is in the character of the French people. Industrious, thrifty, their instinct to save amounts to a national characteristic. France has always had riches in reserve even when apparently poverty-stricken. This trait fooled Bismarck and perhaps it also fooled Mr. Mellon. Moreover, it has fooled the French themselves.

They are as astonished as the rest of the world at sight of their own wealth.



IT'S CROSSING THE PLATE THAT MAKES A HOME-RUN *COUNT*

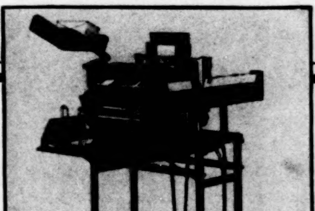
The copy or advertising idea that deserves credit for being a hit of four-base caliber often misses the recognition it might have had if well-planned follow-up had driven its message home. That's why advertising and sales executives like to see Multigraph equipment in the line-up. It's a great clincher of sales plans.

No matter how beautiful the window trim material, it must be used to be effective. Multigraph reminders are a big help in getting window material used. No matter how sound the selling plan, salesmen must co-operate, or the plan falls flat. Multigraph campaigns have kept many a sales staff on its toes.

Whatever your selling plan may be, it's safe to say there's a way for Multigraph equipment to make it more effective or more economical. Let a Multigraph representative give you details.

THE AMERICAN MULTIGRAPH SALES COMPANY
1798 EAST 40th STREET CLEVELAND, OHIO
137 Wellington St. W., Toronto, Ontario
(or consult your telephone directory)

FOR FINISHED CAMPAIGNS
The MULTIGRAPH



For applying selective selling economy to modern mass merchandising—the Addressing Multigraph.

World's Shipping Fleets Float On Sea of Taxpayers' Money

Subsidies, Not Business, Stimulate Mad Race to Lay Newer And Longer Keels—Germany the Notable Exception

THE world is going in for a shipbuilding boom at the very time when international trade is at a low level, when excess shipping capacity and idle tonnage are larger than in a long while, ocean freight rates lowest, and shipping profits smallest in years.

Lloyds' latest report shows a total of world construction going on during the first quarter amounting to 3,265,929 tons. With the exception of the boom year 1923, this is the first time shipbuilding has exceeded pre-war figures.

In this quarter the United States has advanced from fifth to third place, with 222,974 tons of merchant shipping under construction. We are now only about 8,000 tons below Germany and are building 75,000 tons more than before the war, while Great Britain, still the leader, is building 100,000 tons less than in 1914. This wave of shipbuilding is due to continue, Lloyds says, for during the quarter just ended new work was begun on 834,788 tons in all nations, while launchings totalled only 639,740 tons.

Freight Rates Off 25%

At the same time, the index of ocean freight rates has fallen nearly 25% below pre-war levels and *Fairplay,* the authoritative British shipping paper, estimates 3 million tons of world shipping idle. The big ship lines of the other nations are reported planning traffic pools to cut their losses in northern Atlantic traffic, following the recent arrangement of the two big German companies. First-class passenger traffic on the Atlantic showed a decrease of 5,000 eastbound this year up to April 15 and 3,000 westbound, according to officials of British lines.

Although there is now too much tonnage in the passenger trade on the north Atlantic, new ships are coming into service this summer. The *Leviathan,* just refitted and repaired at a cost of half a million dollars, sailed thereafter with only 197 passengers in her first cabin.

Freight business in the north Atlantic trade is even worse. Vessels have had to be taken off regular routes and sent around the world looking for work. Some are reported to have returned after seven months of marine hoboing without earning enough to pay the wages of the crews. Yet the French, Italian, and American lines are laying down 6 new liners to put into the New York passenger trade.

Unbounded Optimism

In spite of this pessimistic prospect for shipping business, which would make any other line of business feel it desirable to go slow for a while, there is unbounded optimism among American shipbuilders and ship operators. We are going into this cut-throat scramble for business on the bounding main with all the enthusiasm of baseball fans.

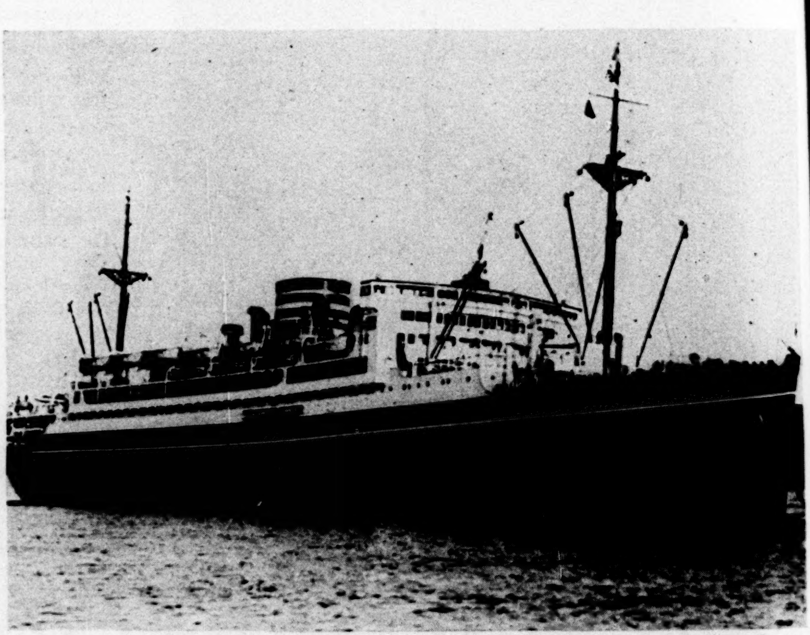
There's a reason. Why worry about passengers or freight when mail pays so well? The press is full of oratorical outbursts from Washington officials picturing the glories of the greater American merchant marine. Here is a recent example from the Assistant Postmaster-General:

"Chapeaux off to the gallant *Europa* of the North German Lloyd Steamship Line on her wonderful performance in crossing the Atlantic in 4 days, 17 hours, and 6 minutes. But slip them back quietly to be ready to take them off again to one of the giants of the new merchant marine of the United States which is fast coming into being and will soon wrest gently the 'blue pennant' from the present 'Queen of the North Atlantic' and place it where it properly belongs, at the masthead of an American-built ship, built by the brains and brawn of American workmen in the shipyards of America, by materials of this country, under the terms of the Jones-White act administered by Postmaster-General Brown."

Although only the vision of enthusiastic mail contractors can see where profitable business for all this new shipping capacity will come from, pressure for further governmental support for merchant marine expansion continues unabated.

A Contrary Congressman

A few cynical Congressmen like Mr. La Guardia of New York are caustic and contrary about the government's mail subsidy policies, challenge the legality of increased mail subsidies to coastal and intercoastal lines, say that Comptroller-General McCarl has declared the Merchant Fleet Corporation's lump sum payments to operators of Shipping Board lines illegal, and demand Congressional investigation of the whole shipping situation. The Senate Committee has favor-



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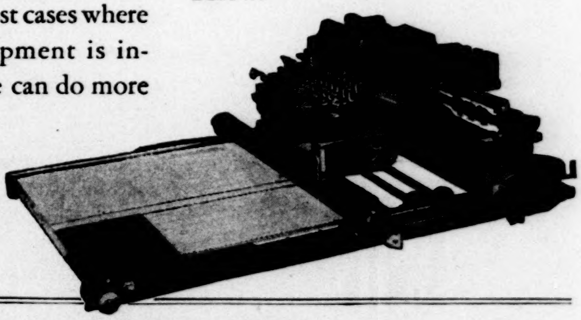

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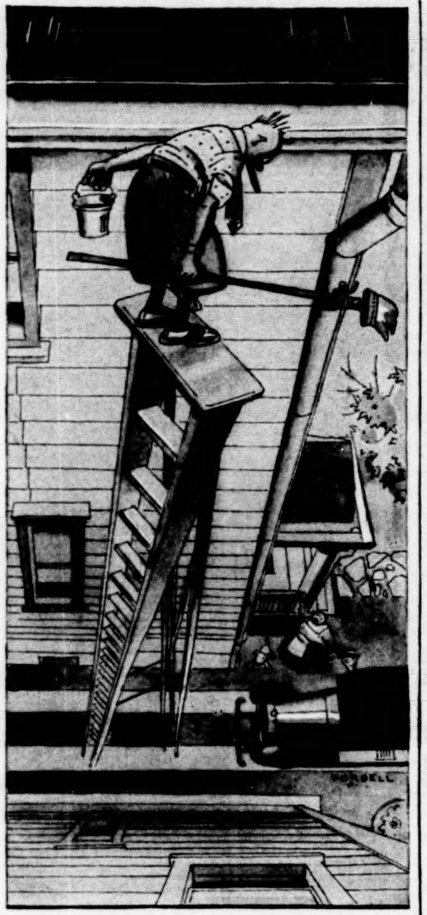

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ably reported a resolution for an investigation of Shipping Board operations. But, for the most part, there seems to be little Congressional misgiving about the government's merchant marine policy. The Senate Committee has approved the White Amendment to the Merchant Marine Act giving the Postmaster authority to award mail contracts at his discretion, and this measure, already past the House, will probably be signed shortly.

Aid for Cargo Ships

This week the third merchant marine conference opened in Washington and H. G. Smith, president of the National Council of American Shipbuilders, will urge further government aid for strictly cargo ships, none of which are now being constructed because the government does not provide subsidies for them.

Meanwhile, Admiral Moffett returns from the naval conference demanding parity in the merchant marine field also, on the ground that a merchant marine is a large part of sea power. He wants the government to build merchant vessels adapted to serve as aircraft carriers and potential men-of-war, although the provisions in the London treaty for "humanizing the submarine" explicitly declined to guarantee the safety of passengers on such vessels and would make it all right to sink them at sight.

The main factor behind this shipping boom in most countries is government money. Shipping, in fact, has become a kind of public utility operated largely at government expense in almost every country, especially the United States. Merchant marine expansion has always been subsidized to some extent, but it is now being supported partly as a slight temporary relief measure for unemployment, but chiefly as an instrument of intensified trade warfare and as a naval and military auxiliary.

It's Taxpayers' Money

For these purposes, of course, shipping need not be on an economic basis; it becomes a matter of commercial and naval policy. As Commissioner Smith of the Shipping Board recently said frankly, "An American merchant marine cannot exist in foreign trade without financial assistance from the government. Call it by any name you will, mail pay, subvention, or subsidy, let's be straightforward about it. Other marine countries have habitually done the needful for a merchant marine ahead of us, until the facts awakened us."

Under the present policy laid down by the Jones-White Merchant Marine Act we have to date made shipbuilding loans for new construction, covering 21 vessels, totalling $55,557,487 and loans for reconditioning 12 vessels totalling $2,972,352. On ocean mail contracts awarded to date the amount which will be paid by the Postoffice Department during the first year of operation totals $18,020,691. These are mostly 10-year contracts, so that by 1940, with additional subsidies sure to be forthcoming, we will have spent close to $200 millions in operating private peace-time American shipping lines.

What Europe Does

In this respect we have been slow in catching up with other countries. Estimates secured by *The Business Week* show that from 1880 to 1928, excluding the war period between 1914 and 1918, the 7 leading shipping countries have spent upwards of a billion dollars of public funds in the encouragement of shipping and shipbuilding industries. Of this the United States, again excluding the billions that went into building ships during the war period, had spent less than $32 millions exclusively for mail subsidies up to 1928—probably $50 millions by now. France has spent the largest amount, a total of nearly $375 millions, of which over $300 millions was in the form of navigation bounties and mail subsidies. Great Britain has spent about $182 millions, all in navigation bounties and mail contracts. Amounts spent by other countries include $131 millions for Japan, $129 millions for Italy and $104 millions for Spain.

Germany, the Exception

It is a striking commentary on this whole development that Germany has spent the least of all these countries, about $40 millions. In spite of this she was before the war—and has become today—the most successful and progressive shipping nation, though still about fourth in size. She has been able to restore her merchant fleet practically to its pre-war size with very little or no governmental aid.

Her achievement in building the *Europa* and the *Bremen,* which makes even the assistant postmaster general take off his hat temporarily, was done entirely without governmental subsidy, since these boats are paid for carrying mail only on a straight poundage basis. Despite this fact, the North German Lloyd and Hamburg-American lines have been able to pay their stockholders dividends of 8% to 10% since 1925 and bonuses of 6% to 8% besides.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

THE INTERNATIONAL BANK is launched with the election, at the first board meeting, of Gates W. McGarrah, president, and appointment later of Pierre Quesnay, Banque de France, manager. First items under consideration are issue dates and terms for the first reparations loans.

In the field of trade relations, interest is centered in the Polish protest to the League of Nations over German tariff raises. Poland protests that raising of German agricultural duties violates the recent Geneva tariff agreement, and threatens to withhold ratification of the recently signed Polish-German trade agreement. Germany's reply is that tariff truce ratification is not necessary before November 1. This is the first trouble to rise outside Germany over extreme protective duties on farm products. More may follow.

Progress in rubber and tin restriction programs is becoming tangible. The Rubber Growers Association has announced adhesion by 90% of British growers, 91% Dutch, 79% mixed Europeans, and a majority of native planters in Malaya (but not in Ceylon). Total annual production of 400,000 tons is thus under control. United States consumption was only 105,000 tons for the first quarter, 24,000 tons below that of a year ago. Unabsorbed British stocks on April 13 totaled 95,000 tons compared with 35,000 a year ago. The Tin Producers Association has unified restriction on a basis of 80% of last year's theoretical output. Estimated production of 160,000 tons for 1930, including 50,000 from unrestricted outsiders, compares with last year's production of 188,000.

It is estimated that one-third the grain surplus in the grain export countries is now exported; not more than another third will be required by grain-importing countries during the current crop year. This leaves an unusually large carryover, estimated to be 73% above the 5-year average, which will face a large increase in world wheat areas this year. Australia alone is sowing an additional million acres to wheat, while the agricultural conditions in Europe so far promise a repetition of last year's bumper crop. Distressed selling of Danubian corn is a current factor in European grain markets.

By Special Cable to The Business Week

***Great Britain*—**Because the budget announcement came just before the Easter holiday, there has not been time fairly to judge its effects on business. The first reaction to Snowden's confirmation that increased taxation was inevitable is still one of relief that the degree of increase is not greater, though there is some uneasiness lest the heavy burden placed by direct taxation will ultimately restrict capital ordinarily available for industry. Gilt-edged securities dipped somewhat after the announcement, but industrial shares are benefitting from continuation of the McKenna duties. There has been a strong upward turn, notably in motors, which are encouraged by rumors of pending amalgamations. Commodity markets are unaffected. The effect of the budget announcement is partly offset by announcement of the formation of the Bankers Industrial Development Co., which represents the machinery developed by the Bank of England to promote and facilitate the financing of industrial reorganizations which are expected to have far-reaching effects. Contemporaneously, the Agricultural Mortgage Bank, formed little more than a year ago under the same auspices, has issued the first report showing the utilization of its facilities to the extent of $20 million and its gratifyingly strong position at present.

Business is embarrassed how to receive the announcement of Labor's conclusion of a commercial agreement with Soviet Russia. It is unwilling to relinquish its hostility toward Russia and yet eager to exploit the opportunity afforded for important trade increases. As a result, business so far has taken refuge in lofty scepticism as to whether the benefits can be enduring. The agreement has only a provisional character subject to 6-months' denunciation pending negotiations for a full treaty of commerce and navigation. The present arrangement is drawn upon a reciprocally most-favored-nation basis, but further accords the Soviets the privilege of a diplomatically immune trade bureau in London, a feature which, after the Arcos scandal, may be expected to encounter considerable opposition from non-Labor parties. No provisions are made restricting Soviet dumping or regulating pre-Soviet debts. Moscow reports that the Soviet has accorded to Imperial Chemical a $15-million, 2-year order for artificial fertilizers, dyes, chemicals, and metals, and a $10-million order to Metropolitan Vickers. The first British tractor from the Armstrong Vickers Company is reported sold to Russia but signature on the actual contracts has not yet been confirmed.

Rover, Standard, and Lanchester—automobile manufacturers—are understood to have reached an agreement for a unification of interests to allow for specialization in their respective works. Capital required is £1,000,000. Rumor also links Austin with Hiltman-Humber.

The annual report of the Egyptian Cotton Spinning Association states that depression during the past year has been

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progressive and that the last six months were the worst in the history of the industry. The association has under consideration a production and price unification agreement. If realized, 2 million spindles now alternating between American and Egyptian cotton are expected to be devoted to Egyptian exclusively. The wool wage dispute in Yorkshire and the 8-loom system in Lancashire remain unsettled. In both cases, employers are in a fighting mood and are considering wage cuts.

By Special Cable to The Business Week

***Germany*—**A highly artificial situation has been created by the simultaneous emergency tax program and unprecedented increase in foodstuffs tariffs passed by an exhausted Parliament last week before adjourning for Easter. It is now manifest that Bruening's so-called "business man's government" was a misnomer for an unsuspected dirt farmers directorate which, with Parliament adjourned, has the bit in its teeth and apparently is prepared to go to extremes in order to force vertical upward revision of domestic farm values. The Foodstuffs Minister has immediately exercised his new unlimited grain tariff powers. Wheat duties are jumped another 25% to an equivalent of 50% of the world price, despite the fact that internal prices are already above the intended stabilization level. Most recent increases are made seemingly to force reduced wheat consumption to a minimum and coerce the public into larger consumption of the enormous rye surplus.

Conservative opinion is unanimous that present tariff policies, whether or not well-conceived, will relieve an admitted agricultural emergency, but they cannot endure. Industry is increasingly concerned lest serious damage be done before emergency policies are modified. It is foreseen that an inevitable increase in living costs will precipitate wage conflicts, the more so since many collective wage contracts expire this year. Higher wage costs, in turn, will be prejudicial to exports which are the keystone of sustained industrial activity. Moreover it is feared the move will occasion reprisals in export markets already agitated by alleged German dumping. Abolition of the duty-free import contingent of 50,000 tons of frozen meat and the scheduled July revival of sanitary requirements prohibitive to all imports of this product, will invite reprisals on German exports in the Argentine valued at $90 million. Although only 25% of the total of all German production of manufactures is exported, many single industries export the greater part, as toys, 60%; musical instruments, 75%; glass, 58%; tools, 50%; Solingen cutlery, 75%. The remainder of the government program envisaging ambitious financial farm relief which will be extended especially to the eastern provinces and which as estimated will involve $50 million annually over the next three years will probably encounter aroused opposition from nonfarming when the Reichstag reconvenes May 2.

Industries and trade are promptly passing the brunt of new taxation on to the consumer. Brewers have already increased prices to cover the full tax increase of 50%. The trade is considering only whether to increase prices to 2 pfennigs per glass on beer, corresponding to the tax increase, or whether the traffic will bear an opportunistic 5-pfennig surcharge. Gasoline has gone up 6 pfennigs a litre. Department chain stores subjected, under the new schedule, to a ½% supersales tax are expected to throw the burden back upon the manufacturers by using their concentrated purchasing power to exact extra price rebates, thus turning the tables upon the proponents of this tax who expected, by means of it, to favor the independents. Certain provinces, notably Thuringia and Bavaria, are also planning local taxes directed against the expanding department chain stores but the latter are promptly retaliating with a boycott against manufacturers located in discriminating states.

The Federal Economic Council plans new increases of German tariffs on manufactures, including stoves, drills, and automobile springs. The last is aimed at United States exports which doubled last year. The exceptionally favorable $42-million March trade surplus brought the quarter's total to nearly $60 million. The favorable trade trend has been continuous since the middle of last year and is due to the increase in manufactured exports, and to the reduction in both volume and price of imported materials.

By Special Cable to The Business Week

***France*—**Business has been eventless during the Easter lull. With the passage of the budget bill accomplished, legislative attention has turned immediately to the important tax reduction program and social insurance bill scheduled to become effective July 1. There is some possibility that not fully known costs which may be disclosed in connection with the latter will prejudice the enactment of certain tax reduction measures but this possibility is not yet considered serious.

First quarter foreign trade reports indicate a thoroughly satisfactory trend. Though the balance is still unfavorable, the deficit is only $93 millions, compared with $130 millions last year. Imports are higher by volume but are 12% lower in value, a conspicuous reflection of lower raw material world prices; exports are down only 2%, notwithstanding world depression, while exports of manufactures have increased. The report of the Association of Machine Manufacturers calls attention to machinery imports which increased 40% in the last three years from $436 millions to $612 millions. United States machine exports to France increased 118%, from $66 millions to $144 millions. This industry is typical of those protesting competition despite the fact it was booked solid last year and obliged to reject orders.

It is expected that France will follow the precedent set by Belgium in offering to a consortium of private bankers an $8-million share in the International Bank allotment.

By Special Cable to The Business Week

***Italy*—**Improvement in the general tone of business is being sustained but it is neither very marked nor uniform. Most encouraging factor is the tendency toward relaxation of credit stringency which is enabling industries to book orders on bank assurances that necessary financing will be forthcoming. Bankers, in turn, are encouraged by the unprejudiced strength in exchange since restrictions were removed, and by the improvement on the stock exchanges of many leading quotations, now at the highest levels for the year. Other favorable indicators are the increase in electric power consumption and decreased unemployment which dropped 73,000 in March to a total of only 383,000 on April 1. Freight rates on wine and rice are reduced to facilitate the absorption of over-production. Reports that Swedish Match Trust is buying control of the Italian industry are unsubstantiated. The trust, at present, owns only one small concern in the North and another in the South, and so far has been unsuccessful in buying into important companies. Similarly, reports that Insull is buying into the Piedmont Hydroelectric Company are unsubstantiated.

Publication of 1929 trade figures shows a 5% increase in imports of American cotton, but a 90% decrease in wheat imports, and 30% in copper. Russia and Rumania have more than captured the $3 million petroleum market lost by Americans. There has been a large increase in exports to the United States of olive oil and cheeses, but most marked is the threefold jump in raw silk to 2,100,000 pounds valued at $8 million.

LATIN AMERICA

Oil, after loans, holds the center of the stage in Latin America. Argentina is back to the consideration of petroleum nationalization; Colombia is destined to reconsider oil legislation early in the new president's régime.

Brazil, after completing loan negotiations in London and New York, and shipping another $10 million gold to the United States, is turning interest to aviation and the approaching visit of the *Graf Zeppelin*. Port Belem in the North, and Rio Grande do Sul in the South, have been designated ports of entry for planes of the New York, Rio & Buenos Aires Company.

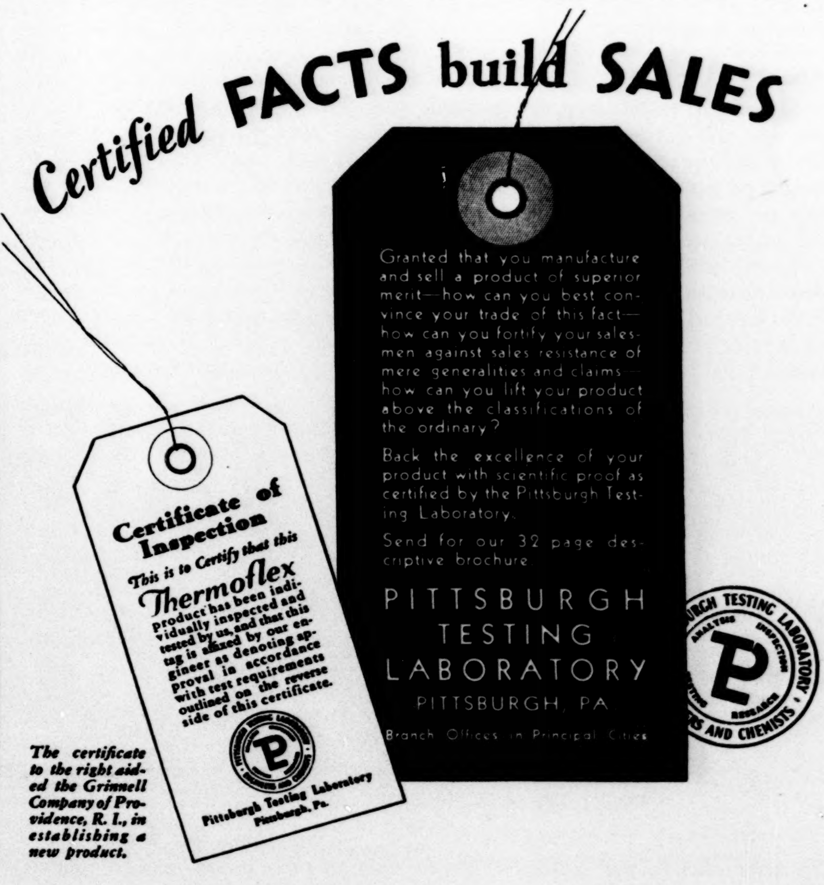
***Argentina*—**American business is following Senate action on the bill to nationalize all petroleum workings. Developments this week indicate the Senate investigation committee favors national ownership but not national control of sales and operations. Government action has been pending two years. Business houses are eagerly anticipating next week's inauguration of weekly mail service to the United States.

***Colombia*—**In conferences with New York bankers, President-elect Olaya outlined four projects which he is primarily interested in developing early in his term of office and in which he seeks American business cooperation: Amicable settlement, in a way to encourage foreign investment, of the controversy caused by the present taxes on petroleum production; negotiation of a substantial loan in the United States; appointment of a financial committee composed of American experts to assist Colombia in its financial and economic problems; and appointment of an agricultural committee to foster production and increase the country's purchasing ability.

Tariff Commission Can Pass on Foreign Patents

THE Tariff Commission may now pass on a complaint that foreign goods infringe on a patent of the United States. That point was decided in the U. S. Court of Customs Appeals in the case of Frischer & Company, Inc., et al., vs. Bakelite Corporation, et al., under section 316 of the Tariff Act of 1922.

Hitherto, it has been uncertain whether or not that section applied to the infringement of U. S. patents by imported goods.



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Wheat and Cotton Wobble; Farm Board Critics Don't

Relief Programs Meet New Complications Here And Collide With Tariff Truce in Europe

WHEAT and cotton this week showed a tendency to wobble again along with other staples. Weather conditions have not turned out so badly as they appeared to be several weeks ago. Acreage reduction seems less promising.

In the Northwest, favorable weather conditions for seeding have tended to reduce the prospects of a cut in wheat acreage to less than 3%, except in durum. The Canadian Pacific reports a 31% increase in acreage in the 3 northwestern provinces.

On the whole, there is not much evidence of marked cotton acreage reduction. Smaller fertilizer sales, however, reflect some local bank pressure upon farmers to cut planting, though their chief importance is as a forecast of lower yields. This, with expectation that the weevil will not be among the unemployed this season, tends to make the outlook for higher cotton prices better. Exports of both wheat and cotton are still very disappointing.

Short on Quality

The Farm Board agencies are still pressing for delivery of May and July cotton and the tenders are large, but the quality of last season's crop was so poor that the premium on good quality and the longer staple is high.

In wheat the Farm Board is apparently disposed to let the old crop prices slide. It has stopped altogether lending money to farmers on the old crop at the Farm Board price, which was reduced some time ago from $1.25 to $1.20 at Minneapolis. It has been selling May wheat and buying later months. It is estimated that, including the wheat to be taken over on defaulted loans called June 30 and the future contracts it has bought, the Board will be holding at least 50 million bushels at the end of this crop season.

With the annual meeting of the United States Chamber of Commerce in sight this week the boards of trade and chambers of commerce in grain centers have again become active in denouncing the Farm Board. They include the Chicago Board of Trade, Minneapolis Chamber of Commerce, Buffalo Corn Exchange, Buffalo Chamber of Commerce, Kansas City Board of Trade, Omaha Grain Exchange, Duluth Board of Trade.

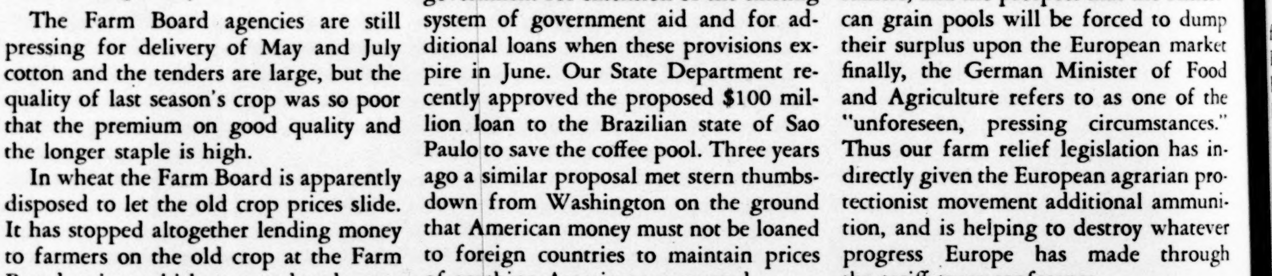
Abroad, events of the last two weeks show other countries growing hot and cold in this matter of controlling prices of agricultural products. Japanese silk-growers, hard hit, are pressing the government for extension of the existing system of government aid and for additional loans when these provisions expire in June. Our State Department recently approved the proposed $100 million loan to the Brazilian state of Sao Paulo to save the coffee pool. Three years ago a similar proposal met stern thumbs-down from Washington on the ground that American money must not be loaned to foreign countries to maintain prices of anything Americans consumed.

Now, of course, the shoe is on the other foot, or perhaps on both feet. When our government is loaning money to stabilize prices of wheat and cotton which we want to sell to other countries it wouldn't be fair for us to prevent these other countries from borrowing money here to stabilize the things they have to sell us. The State Department doesn't believe Brazil will use this money to hold up American coffee-drinkers any more than the Farm Board or the Canadian wheat pool are trying to hold up European bread-eaters. The loan is supposed to be for the purpose of liquidating present stocks and it is merely a question of helping out another conspirator who happens also to be a good customer.

Cuba Gives It Up

However, the Cuban sugar planters and traders have apparently decided that the stabilization game is not worth the candle. Two weeks ago, they voted to dissolve the export sugar marketing agency set up last year, with sugar prices the lowest, and the world supply the highest, on record.

The Poles are protesting that the recent increase in German agricultural tariffs is a violation of the Geneva tariff truce; but Germany has replied that this tariff truce allows complete freedom of action under "unforeseen, pressing circumstances." The attempt of American wheat growers to hold up European consumers, and the prospect that the American grain pools will be forced to dump their surplus upon the European market finally, the German Minister of Food and Agriculture refers to as one of the "unforeseen, pressing circumstances." Thus our farm relief legislation has indirectly given the European agrarian protectionist movement additional ammunition, and is helping to destroy whatever progress Europe has made through the tariff truce conference.



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The Dublin Letters

From James W. Dublin to Mr. George Clark on the Theme of Lying Down in Green Pastures

The "Hawk's Nest"
New Hampshire
August, 1927

Dear George:

My last letter to you was, as maybe you suspected, a sort of spitting on the hands, a preamble to something I have been wishing to say for quite a spell. But, while the desire has been constant, the words have lagged behind. Now they have caught up with my feelings and I might as well fire a fistful at you and get it over with.

Last Sunday I had an experience, a vision—perhaps *vista* is the word.

I strolled through the barn-yard into the pasture and stretched myself out with a hummock for a pillow and the belly exposed to the sun. The effect of sunshine on the belly is, strangely, not abdominal. It is cerebral. Under its relaxing warmth the imagination starts a slow simmer and the mental and spiritual juices get released.

For a while I belled my nostril to the country-side Coty and watched a lady ground-sparrow having bird hysterics because I had flopped down too near to where she had the next generation hidden.

I mused on blueb'ry pie—incarnated from the blue-b'ries down in the south lot—not the high-bush, patent leather bullets charged with seeds, but the low-bush kind with the bloom of a plum and busting with purple claret.

I reflected on the placid and 100% satisfied demeanor of my ½ doz. short-changing cows who lolled around and munched God's groceries in perfect tune with the infinite.

I looked forward to the peace of snuggling in bed at night—when Hoskins has made the house early and pure—and wiggling my toes and listening to the country rain dropping through the trees outside. I am especially moved and soothed by country rain, whereas city rain grouches me. It does not rain in the city; it just wets on everything.

I give you these few snatches from my pasture-rhapsody, not as a mammy singer for the good old state of New Hampshire, but to show you how it feels to take out your re-naturalization papers.

Then, too, I sunk my pick into another wish-strata—a strata of fossilized dreams far removed from the bucolic.

I'd like to take the cosmopolitan self out for a leisurely bum down Fifth Avenue about 10.30 in the morning and allow it to look in the shop-windows minus the jab in the consciousness of a date with a client *or you.*

I'd like to go to art galleries without being reminded of ad layouts.

I'd like to play a midweek game of golf now and then without feeling I'd betrayed all the Dublin customers and put the prosperity of the U. S. A. in jeopardy.

I'd like to show what a heller about town I am by playing bridge at the club *in the afternoon.* Not a Saturday afternoon when anyone can do it. A *Tuesday* afternoon when only the genuine loafers are there. I want to experience I don't know how many other innocuous escapades in which there is no cash profit, no hope of personal glory, and which will qualify to outsiders as misspent.

Above all I am anxious to avoid dying in harness. I have never seen any merit in the American idea that a man is more of a man if he passes on dressed in a hoss-collar. Did you ever hear the story of the feller whose one death-bed regret was that he had never eaten an artichoke? He couldn't find the time.

Please note the pathetic modesty of my aspirations. They are not bloated with the words and music of cosmic longings; they are not a frenzy to shake old friends and go off and pal with the eternal verities.

No, sir. My humble and earthy yearnings don't grade any better than small to medium—and I ask you what the Almighty must think of a man who won't take what he wants when those wants are so easily to be had?

What prevents? The ego prevents. We all live *in the shadow of our own ego,* and we think we're fenced in because we can't see beyond the shadow.

For twenty years the ego I'm hooked up to has refused me any other picture of myself except that of a four-color double-page spread of success. I've lived an intense, narrow-grooved life with a calendar and a watch hung around my neck like a pair of penitential albatrosses. I've never known what day it was or what time it was *for myself*—it was always some particular day or some particular hour for the business.

I've done my bit of commercial patriotism. I helped boost my country from the wheelbarrow and horse and buggy to the Mack truck and the Straight

$6,000
to
$600,000
[without borrowing]

It has been proved possible to so increase capital in an investment lifetime!

The future—in which you are interested—should thru Babson's Reports offer excellent opportunities for profit in stocks.

Send for complete details NOW!

The Babson Statistical Organization
Div. 2-22 **Babson Park, Mass.**
(Largest Statistical Community in America)
Send me Free, complete details, and your booklet, "$6,000 to $600,000."

Name

Address

▼ ▼ ▼

SUBSCRIPTION COUPON

If you want THE BUSINESS WEEK to come to you regularly every week, please fill in this coupon and mail to 475 TENTH AVENUE, NEW YORK, N. Y.

Name:

Address:

Title:

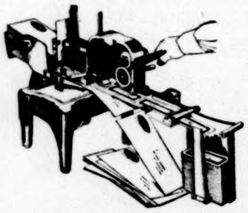
Firm:

If your remittance ($5.00 a year) is not enclosed we will bill you. Foreign Postage $1.00 a year extra.

ADDRESSING
"ELLIOTT"
MACHINES

Light
Compact
Clean
DURABLE

Elliott "TYPEWRITEABLE" All-Fibre Combination Index-Address Stencil-Cards



"ELLIOTT" offers the ONLY popular-priced Addressing Machines in the world equipped with the convenience of AUTOMATIC ENVELOPE FEED!

provide the easiest, most economical and efficient means of compiling a mailing list and keeping it accurately up-to-date.

ELLIOTT Addressing Machines insure highest speed at lowest cost—together with noiseless, trouble-proof operation.

ELLIOTT Mechanical Addressing Equipment is everywhere displacing former methods of aiming the printed word and handling all kinds of routine name-writing, recording, etc.

The system you will buy
if you want the best!

CLIP and MAIL this COUPON

☐ FREE Catalog
☐ FREE Demonstration
☐ FREE Book about Direct-Mail Advertising

Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 84 St. Antoine St., Montreal, if you are in Canada).

8; from the kerosene lamp to the Mazda; from cats in the cracker barrel to crackers in catless packages; from yeast cakes to raise bread to yeast cakes to cure pimples; from pianos and zithers in the parlor to Victrolas, radios, telephones all over the house; from telegrams only in case of death or accident to telegrams sending love and kisses or why was the comma left out of paragraph 4 in the S.E.P. ad.

As commercial message maker to a nation for these two decades I have delivered up my freedom and nervous system, run my digestion under forced draught, lost track of all my boyhood friends, neglected my wife and developed a sub-wonderment as to what that funny, flat, brassy taste was that had crept into life.

Now it's all over—or begins to be. Now comes the job of converting an ad-man into a plain citizen who doesn't give a damn whether folks send for literature, tear off coupons, or do anything whatever to absorb more merchandise.

Not that my heart has ceased to beat for the stimulating phrase that puts the springs of action into a buyer. It always will, I suppose. "Habits is habits," and there is no Keeley cure for the printer's ink addict. But so far as actual production is concerned, when better ads are made someone else will make them.

My case in essence is now almost as simple as that of an office boy who sidles in on you in the middle of a heavy morning's mail and says: "Mr. Clark, I'm quittin' the end o' the week."

"And what's the trouble?" says you.

"Nuttin'," says I. "Only I been t'inkin' it over and I don't see no future in the Dublin Agency fer me."

Guess that's all for now. Except I might say that when I lick the envelope which will enclose this screed and plaster the stamp on the right-hand corner —then I'll probably have to blow my nose which at the moment, I suspect, is going to betray me. What fakes we all are, George, that we cannot achieve a happiness without sprinkling it through with regrets. Of course you can't get men to go to anything but musical shows. They don't *dare* to go to drammers. People would see them crying—and that's bad for our strong man pose.

You and I have bumped along together for 15 years and I am very grateful for your sustaining friendship. May it never be said that I have forgotten or been neglectful of my obligation to this tried and tested association. Deepest regards.

Jim

Send for the complete

ANNOUNCEMENT

of this New Training for men who want to become independent in the next five years

BEGINNING immediately, the famous Course and Service of the Alexander Hamilton Institute is being replaced by an *entirely new* Course and Service.

The reason is obvious. The organization of business, the tempo of business, are both in process of rapid change. In a brief period of thirty days between October 15th and November 15th, 1929, thousands of men who supposed that they were secure for life found themselves suddenly ruined. Thousands had their confidence so shaken that they are dazed and wondering. They have no plan.

"What will happen to business in the next few years?" they are asking. "What program should we lay out for ourselves?"

Two years ago the Alexander Hamilton Institute, from its nation-wide contact with business leaders, sensed the tremendous changes which were about to come, and began to make preparations to meet them.

The result is the new Course and Service. It is to be new from start to finish—so new that the latter part will not be entirely off the presses for some months.

What about *your* next 5 years?

Revolutionary changes are in prospect for the next few years.

Little business units are being merged into big units. Industries are reaching out into foreign markets. Production methods are being revolutionized. *Security prices are subject to a whole new set of conditions.* The strategy of the past is entirely unfitted for the new competition.

What are you doing to fit *yourself* to meet the new conditions?

In the next five years, business will offer more opportunity *and more danger* than any similar period for a long time.

More men will achieve independence. More men who might achieve it will fail because of a failure properly to analyze the facts.

A right program will be more profitable than it has ever been. A wrong decision will be far more costly.

Send for the facts

What the new Course and Service can mean to your business progress is explained in a newly published booklet, "What an Executive Should Know." It gives facts about this new training which we have not space for here. It should be read by every man who expects to win a secure place for himself in the next five years.

The first edition of 10,000 copies was exhausted in 24 days. We have just printed a limited second edition, and will welcome the opportunity of sending you a copy, free.

To help us prevent this book from falling into the hands of men for whom it has no message, we ask you merely to fill in the spaces in the coupon below. Mail the coupon today.

This book will interest only mature-minded men seriously interested in business education. If you are one of the merely curious—

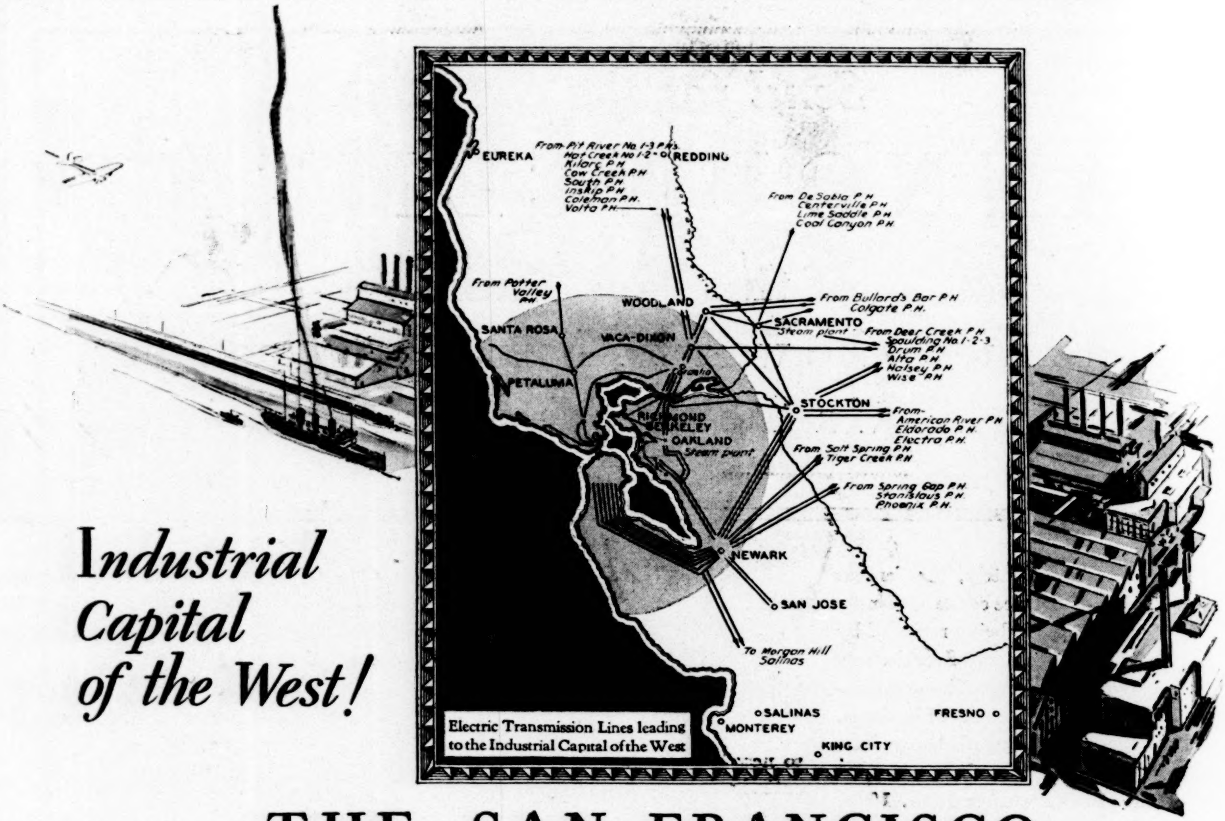
PLEASE DO NOT WRITE

To the Alexander Hamilton Institute, 264 Astor Place, New York City. (In Canada address Alexander Hamilton Institute, Ltd., C.P.R. Bldg., Toronto.)

Send me, without obligation, the new booklet, "What an Executive Should Know."

Name______________ Age______
Business Address______________
Business Position______________
Type of Business______________

ALEXANDER HAMILTON INSTITUTE


EUREKA
From Pit River No. 1-3 P.H's.
Hat Creek No. 1-2
Kilarc P.H.
Cow Creek P.H.
South P.H.
Inskip P.H.
Coleman P.H.
Volta P.H.
REDDING
From De Sabla P.H.
Centerville P.H.
Lime Saddle P.H.
Coal Canyon P.H.
From Potter Valley P.H.
WOODLAND
From Bullard's Bar P.H.
Colgate P.H.
SACRAMENTO
Steam plant
From Deer Creek P.H.
Spaulding No. 1-2-3
Drum P.H.
Alta P.H.
Halsey P.H.
Wise P.H.
SANTA ROSA
VACA-DIXON
PETALUMA
STOCKTON
From-
American River P.H.
Eldorado P.H.
Electra P.H.
RICHMOND
BERKELEY
OAKLAND
Steam plant
From Salt Spring P.H.
Tiger Creek P.H.
From Spring Gap P.H.
Stanislaus P.H.
Phoenix P.H.
NEWARK
SAN JOSE
To Morgan Hill
Salinas
SALINAS
FRESNO
MONTEREY
KING CITY

Electric Transmission Lines leading to the Industrial Capital of the West

Industrial Capital of the West!

.......THE SAN FRANCISCO METROPOLITAN BAY AREA

One of the outstanding factors in the growth and rapid industrial expansion of this area is the availability of an abundant supply of electric power at low cost.

The industrial power output in the territory served has increased over 200% in ten years.

There is now available through this company's interconnected power system of 34 hydro-electric plants and 8 steam-electric plants 918,966 horsepower of electric energy at exceptionally low rates.

To meet the anticipated growth of the territory served, the company is now expending $40,000,000.00 for additional hydro-electric energy and $11,000,000.00 for new steam-electric generating units which will add some 485,000 horsepower to the company's interconnected system.

You will find production costs low in the San Francisco metropolitan Bay area. Natural Gas in abundance at low rates.

Here the coast airways center, rail and water meet, good roads speed up deliveries, climatic conditions aid production.

If you would like to know the opportunity here for any specific industry write the—

PACIFIC GAS AND ELECTRIC COMPANY

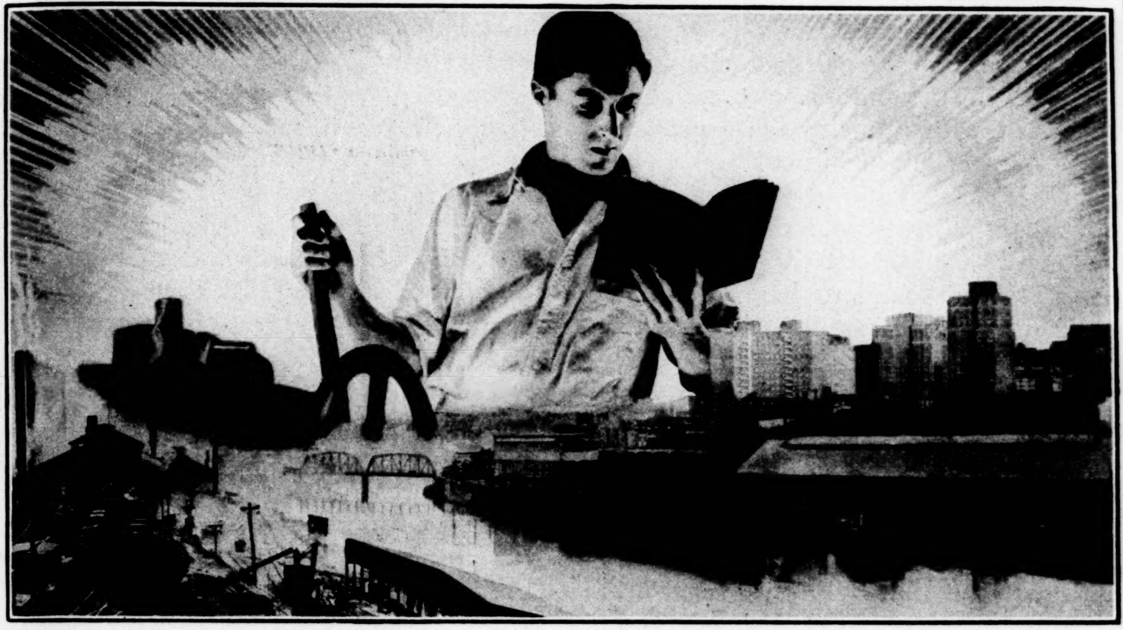
P·G·and E·

Serving 362 communities in Northern and Central California
***General Offices*—245 Market Street, San Francisco**

Send for a complimentary copy of "Outstanding Features of the P G and E"

Ind. 1-30

Two Billions of Added Output



Occasionally a thoughtful business man asks us, "What place do correspondence schools hold in America's economic system? Do they aid production? Are they a national asset?"

The answer is best stated in terms of simple arithmetic.

Three million seven hundred thousand students have enrolled for instruction with the International Correspondence Schools in the thirty-nine years since their founding. More than three million of them have been American workers. Many of this number have not graduated in the courses they elected, but a majority have progressed far enough to derive real benefit from their study.

Naturally it is impossible to say exactly how much the *productive* capacity of this army of men has been increased. Thousands of I. C. S. students have reported gains in *income* running from fifty to five hundred per cent, and even higher. At a very conservative estimate, the training received from I. C. S. study results in an increase of at least ten per cent in *earning power* for the average student. And this increased earning power is at least matched by a proportional rise in productive ability.

These 3,000,000 American students of the International Correspondence Schools are a fair cross-section of national population. They are from all stations in life—all industries—all degrees of education. They live in cities, towns and hamlets all across the continent.

A recent economic survey gives the figure of $7500 as the yearly output of an average American worker. On this basis the *added* output of each I. C. S. student as a result of his training is $750 a year. For *three million* I. C. S. students we have the breath-taking total of *over two billion dollars* of increased annual production as a result of home study.

If the International Correspondence Schools had never paved the way for the spare-time instruction of those who desire to train themselves, this country would have been incalculably poorer.

Our national growth has produced few institutions more typically American than this great school. It makes equality of opportunity not merely a fine-sounding phrase but a living fact. For it overthrows economic barriers and brings education to every man's door.

To those who would like to know how the International Correspondence Schools aid executives in employee-training, we shall be glad to send a copy of our booklet, "The Business of Building Men."

INTERNATIONAL CORRESPONDENCE SCHOOLS

FOUNDED 1891
SCRANTON, PENNSYLVANIA

MEMBER, NATIONAL
HOME STUDY COUNCIL

EDITORIAL

Where Are They?

In this spring season of annual meetings and conventions, when all the army of organized business—generals, colonels, captains, lieutenants and even a sprinkling of top sergeants, moves into the big city with its wife and its sisters and its cousins and its aunts, we always have a little stir of curiosity and expectancy. This year, much more than usual.

Now, after many years of just jolly good-fellowship and mutual congratulation natural to a prolonged and dull period of prosperity, we feel something is bound to happen in these great meetings of business minds of the country. This year, surely, in the varied and carefully-planned routine discussions of the problems and prospects of business and public policy, someone at last will say something, something that will capture the attention and fire the imagination of the entire business public, perhaps even make our public officials sit up and listen.

More even than that does our vernal optimism lead us to expect. Surely this year of all years there will appear in this great gathering of the business clans, and stand out in the throng with unmistakable distinction, one or a half-dozen business men whose intelligence, vision, personal power, will exert its influence upon the business minds of the country from now on, as magnetic poles upon the quivering compasses of many mariners at sea, drawing thought and action in one direction along their invisible lines of force.

For what more deeply does American business, and American politics, too, need at this time than the vitalizing and integrating power of great ideas, embodied, symbolized, expressed in the directive and mobilizing energy of great leaders? Our need for them is perhaps greater than that of other nations, for at this time more than ever before do these others look to us for them. We have business organizations and governmental commissions a-plenty, and very useful things they are, too. American business and government are organized up to their necks; what they need is heads above the necks—men, leaders; for organizations do not create ideas and nothing is ever done save by individuals.

This is again time for the men on horseback in the field of business and statesmanship, for men who will set for us new principles, policies and hopes. For there are signs on every hand that we have gone stale in the heavy atmosphere of a somewhat circumstantial prosperity, have fed too fully and freely on an over-rich diet of ideas about its origin, uniqueness and permanency which have been found to fit the facts rather poorly after all.

Except for a few brave efforts to apply the old emergency formulas in the storm which overtook business last year, we and most of the world have been drifting somewhat indolently down an ebb tide for several months, our moorings lost, our bearings a bit confused, without direction, ideas or leadership, confident only that ultimately the flood tide will catch us again on the turn.

In politics, too, through farm relief, tariff, utility regulation, tax reduction, public expenditure, railway consolidation, and international relations we have wallowed aimlessly in the cross-currents of expediency and special interest.

In this situation, domestic and international, and in what's ahead, we are out of training, grown soft and confused. We need plans, leaders—hard coaches and decisive captains for the home team-play, strong hands and keen eyes at the wheel on the high seas of world affairs.

Managing Editor—Marc A. Rose
News Editor—Ralph Bevin Smith
Art Director—Perry Githens
Industrial Production—K. W. Stillman
Washington—Paul Wooton

Transportation And Utilities—Cameron Robertson
J. F. Chapman Harrison Reeves F. A. H[illegible]xley
European News Director—Elbert Baldw[illegible]
7 Boulevard Haussmann, Paris. Cable address: Busweek, Paris

Economist—Virgil Jordan
Marketing—Gorton James
Finance—D. B. Woodward
Aviation—E. P Warner
Chicago—John H. Millar

"I am ARC WELDING— to the noisy riveter, I say QUIET!"

THERE is a better way—a quieter way to join steel to steel. Arc welding silently fuses member into member, making an entire framework of one-piece steel construction. Riveting with its deafening din must give way to progress—for with arc welding a stronger stiffer structure is obtained.

Wherever riveting is now employed, there arc welding can be used—with increasing efficiency as this method is employed. In shop and field arc welding simplifies fabrication—fewer members are required—layout and punching are reduced to the minimum . . . There is a saving of material—a saving of operations.

No longer can you afford to ignore the rapid trend toward arc welding. It is the tried and proved successor of riveting in hundreds of applications. You owe it to your business to become familiar with the possibilities arc welding offers. The sponsors of arc welding will supply specific information.

I am
ARC WELDING
my sponsors are

NORTHWESTERN MFG. COMPANY
Milwaukee, Wis.

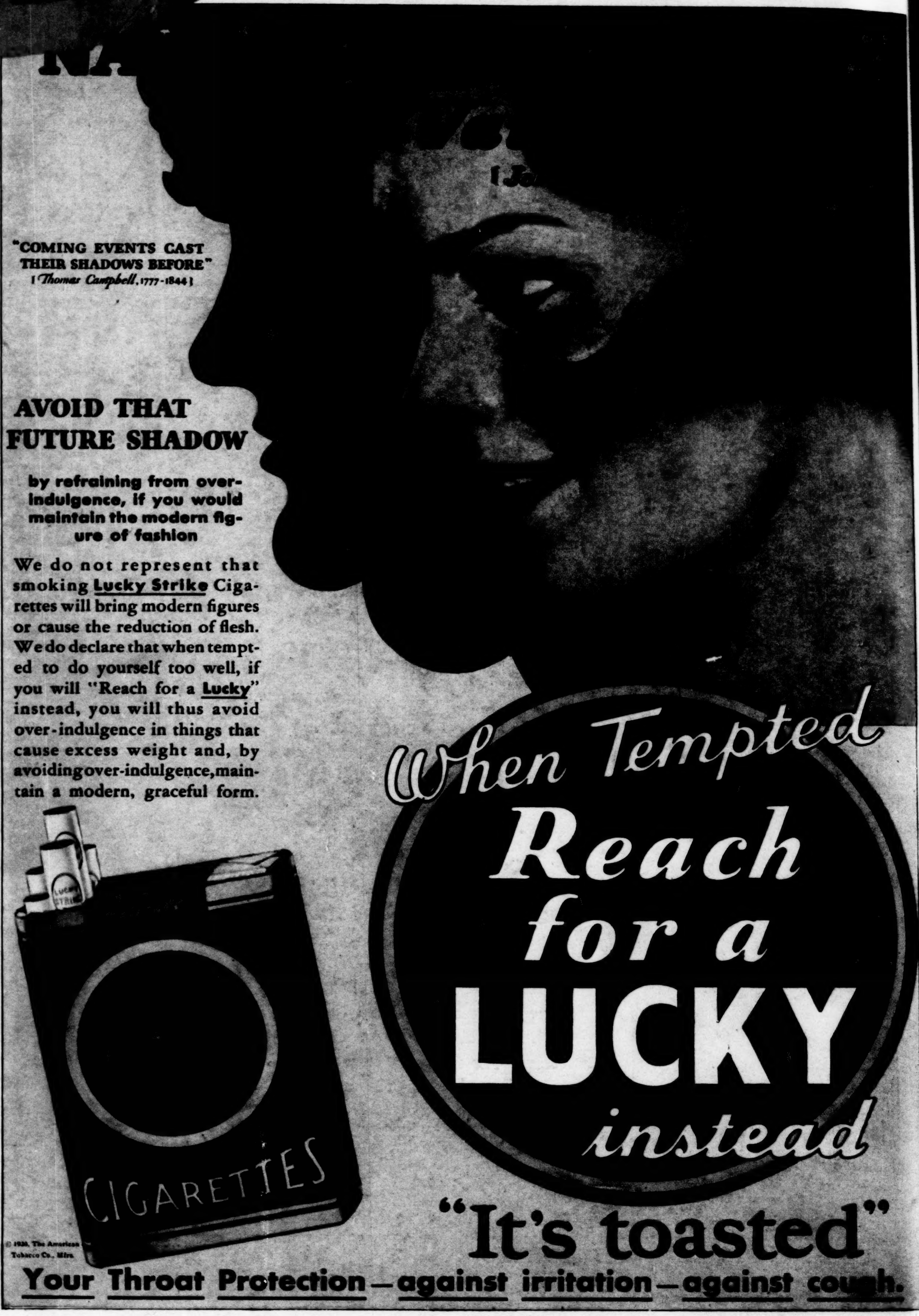
UNA WELDING & BONDING COMPANY
Cleveland, Ohio

WILSON WELDER & METALS COMPANY
Hoboken, N. J.

GENERAL ELECTRIC COMPANY
Schenectady, N. Y.

WESTINGHOUSE ELECTRIC & MFG. CO.
East Pittsburgh, Pa.

LINCOLN ELECTRIC COMPANY
Cleveland, Ohio



"COMING EVENTS CAST THEIR SHADOWS BEFORE"
[*Thomas Campbell*, 1777-1844]

AVOID THAT FUTURE SHADOW

by refraining from over-indulgence, if you would maintain the modern figure of fashion

We do not represent that smoking Lucky Strike Cigarettes will bring modern figures or cause the reduction of flesh. We do declare that when tempted to do yourself too well, if you will "Reach for a Lucky" instead, you will thus avoid over-indulgence in things that cause excess weight and, by avoiding over-indulgence, maintain a modern, graceful form.

"It's toasted"

Your Throat Protection—against irritation—against cough.

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